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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PREBUDGET CONSULTATION

THURSDAY, FEBRUARY 9, 1989



STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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McCague, George R. (Simcoe West PC)

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Substitution:

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Clerk: Decker, Todd

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Blind Organization of Ontario with Self-Help Tactics:

Southern, John, Project Co-ordinator

Forster, Susan, Member, Board of Directors; Outreach Worker, Persons United
for Self-Help in Ontario

From the Ontario Coalition for Better Child Care:

Rothman, Laurel, President

Colley, Susan, Executive Co-ordinator

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday, February 9, 1989

The committee met at 10:02 a.m. in room 151.

PREBUDGET CONSULTATION
(continued)

The Vice-Chairman: I will start off the proceedings this morning by saying that we are the standing committee on finance and economic affairs. We have been involved in a series of prebudget consultations over the last two or three weeks and will be for the next two or three weeks as well.

We have a presentation from John Southern, who is the project co-ordinator for BOOST. If Mr. Southern is here, I would ask him to come forward to the front table and make his presentation at this time.

BLIND ORGANIZATION OF ONTARIO WITH SELF-HELP TACTICS

Mr. Southern: Good morning. Also with me is one of the BOOST board of directors, and her name is Susan Forster. She might want to make some comments along the way as we proceed.

It is nice to be back once more before the committee, this time making a presentation on behalf of BOOST. For anybody who does not know, BOOST is the Blind Organization of Ontario with Self-Help Tactics, a self-help organization of blind people. We are 14 years old at the end of this month, so we have been around a considerable amount of time. Earlier, you might recall, I did make a presentation on behalf of the Income Maintenance for the Handicapped Co-ordinating Group. BOOST was a founder member of that organization.

One of the major areas BOOST has been interested in in its 14 years is improving the integration of blind people into society. Obviously, one way to do that is to give them more spending power and to allow them to participate better in the local community. One way, unfortunately, blind people could do that would be through increased social assistance.

I might point out also that this is White Cane Week, where there is some focus on blind people and their role in society. I think this is an opportune moment to make this presentation. Unfortunately—I do not know if many of the committee members are aware of this—the majority of working-age blind people are unemployed. It could be as high as 80 per cent unemployment. I am not here today to lay the blame on anybody for that situation, but that is the way it is.

It is time this situation changed and I think this government has the opportunity and the power to do this, and not just through changes in the levels of social assistance. As was pointed out in Transitions, the report of the Thomson committee, of which I was a member, opportunity planning will take a high role in improving the lives of the poor in this province, I hope anyway, especially for blind people or disabled people in general.

One of the ways that training and rehabilitation takes place is through vocational rehabilitation services. There are all sorts of strange laws around

this that need to be changed. The opportunity planning has to start when somebody is unemployed and has time on his hands. Currently, if you want any special equipment or anything to try to better your life, like access to a computer or something, often through VRS, you have to have a job. How can you get a job if one of the criteria for having a job is to be able to use a word processor? It is a catch-22 situation, and I think that really has to change.

I would like to see this government not only increase the levels of social assistance, but also increase the levels of moneys available for clients on VRS. Sometimes in some areas the waiting list is so long that the budget has been spent a year in advance; it takes 13 or 14 months for people to get any kind of training or into any kind of training program. No wonder the self-esteem of disabled people in Ontario is low, to say the least.

We have been trying to organize, as I say, for 14 years. BOOST currently has around 125 members. The level of membership fluctuates somewhat. I do not know how many registered blind there are in Ontario, but estimates of registered and nonregistered blind could be as high as 30,000. To have a membership of only 125 when the situation of blind people is so bad is hard to understand, but I think disabled people and blind people have been so oppressed by their lot in society that they do not think there is any change they can make and they just sit back and do nothing with their lives. It is such a waste of good talent and a valuable resource that society is pouring down the drain.

When the Thomson committee was appointed and the big hullabaloo was made by the government about the appointment of the committee, it raised the expectations not only of persons with disabilities, but of the poor in general, so much that at long last this province was going to take seriously the reform of social assistance. So far, and the report was released last September, as you all know, maybe only one recommendation has been moved upon. I get calls in the BOOST office on a regular basis from people who hope for a lot more, a lot swifter action and greater change to social assistance.

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A woman came in our office yesterday. She had a four-month-old baby with her. She said: "So what did your great committee do for me? I see we are getting a raise in family benefits of \$33." Because they have to blame somebody, people sort of infer it is my fault, as I am sure you all know it is not. If it were left to me, it would have been a lot more than \$33.

Things like that hurt. I hear these stories a couple of times a day, five days a week. I do not know what this committee can do to make this government realize the seriousness of changes to social assistance in our province. It is all very well for them to have heard the Honourable John Sweeney say in the House that we are the best province in the country. I do not care if we are. If we are doing an inadequate job, it does not matter to me if we are the best province in the world.

You know, changes have to take place. I think we have to get serious about improving the lives of persons with disabilities in our province, and of the poor in general. A statistic I have mentioned before, but I believe I will mention it again, is 549,000 disabled people living below the poverty line, or below \$10,000. It is not all due to this province. A lot of those people are on Canada pension plan, which is inadequate and has nothing to do with this government. Some are on insurance plans that pay inadequate moneys. Nevertheless, where possible, if the levels can be raised, I think it is time it happened.

For some disabled people, the likelihood of their ever gaining employment is improbable. Fortunately, I think there is something that many disabled people can do, given the opportunity, but we are a long way from society seeing this. I think for a good number of disabled people, employment is not a foreseeable solution to their plight of poverty.

The laws regarding family relationships and family benefits have to change. Some disabled people are reluctant to form relationships because they will lose the only independence they have ever had in their lives, and that is their family benefits cheques. That is the only independence they are likely to have in their lives. To become dependent on somebody else is to give up their last bit of independence, to not have their own income any more and to rely on somebody else.

Although the Thomson committee and other groups have not recommended a disability allowance in the foreseeable future anyway, that may be something to be looked at down the road, to change that and allow people to develop these kinds of relationships and at least improve their social standing in this community.

I know this government probably will place some emphasis on opportunity planning and I certainly hope it will look at the plight of the disabled, not just by increasing levels of the budget for vocational rehabilitation services but, obviously, by improving the assistive devices program. I know that budget is running into problems these days too. It is expensive, but I do believe that in the long run, if you do not make some changes now, the cost to society is just going to be incredible.

I also hope that the government will adopt some kind of legislation to encourage the employment of disabled people through some meaningful affirmative action programs or employment equity programs for the disabled.

I do not know how to emphasize strongly enough the importance of improving social assistance. I think it is easy for most people to forget what it is like to be poor in this province. There is so much money floating around, particularly in Toronto; everywhere you go you see people having a good time and spending lots of money.

As a person who at this moment is waiting to get on family benefits and has no money, I can tell you that is quite painful. It is not just envy on my part; it is just that you want to do the same things as anybody else does. I do not particularly want to be rolling in money, but I would certainly like to participate more and be able, if I like, to go out and maybe have a meal or do what everybody else does.

I hope that this government will make some changes in the levels of social assistance. That is my brief presentation. If there are any questions, I would be only too happy to answer. Maybe before we go to questions, Susan would like to make some comments.

Ms. Forster: Yes, I would like to say something briefly. My name is Susan Forster, as John said. I am a member of BOOST's board of directors. I am one of the visually impaired, technically legally blind, members of BOOST. I am also a staff person at PUSH Ontario, Persons United for Self-Help in Ontario, which is an Ontario-wide cross-disability group. I suppose, therefore, I am really representing both organizations.

John put his comments so well that all I would like to add is just

something that struck me in the past few days. I was reading the Toronto Star last Saturday and Doris Anderson, a well-known columnist, had a piece on social assistance. She was not specifically talking about people with disabilities, the group that both of us are talking about today, but I think her comments were very applicable.

She took the example of a single mother with two children and said, "Let's follow this mother through her life." She looked at all the costs of someone who is in poverty and the problems they are going to have with moving around a great deal, because rents are so high in Toronto, as we all know: the problems that her children might run into in school, the need for special education, rehabilitation and counselling. She hypothesized that one child might get into trouble with the law. That would cost that child, his family and society a great deal. She added up all those costs to hundreds of thousands of dollars.

I think, ideally and as human beings, we should be making a case that people with disabilities are human beings like anyone else. No matter what their disability, they still have a number of abilities. They should still have opportunities for a better quality of life, which we certainly do not have as a group right now.

To put the argument to a committee that is looking at budgets, I do not know how long-term the government thinks, but in the long term, where the Thomson report, for example, is recommending spending a lot of money, a lot of members of the public and many politicians might say: "That's too much, we can't afford it. We're already spending X number of dollars on social assistance and similar programs."

If we look at it in the long term and we spend more money now, we can not only make the quality of the lives of disabled people much better and allow them the opportunity to participate in society, but we can also spend less money in the long term. Preventive programs help the poor, such as single mothers and disabled people, who fall into both those categories. Disabled people are also sometimes single mothers and heads of households and other times they are quite often poor.

I just cannot see that it would not be a good idea to plan for the future. We have to think in the long term, and in the long term you would be spending less if more money is put in now. I am new to this process, so perhaps I have been a bit long-winded just trying to make one point. I just wanted to make that point to you today.

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Mr. Southern: Yes, I think that point has been made many times but it cannot be stated enough. I know that one of the areas that just boggles my mind is that government says it wants to save money and yet it keep severely disabled people in long-term care facilities. I believe in some cases it could cost up to—I have heard the figure is as high as maybe even \$600 per day. I am sure even if they had 24-hour care in the community, it would not cost that much and the money saved would be incredible.

I have tried. As I say, for at least 10 years I have been involved in lobbying for changes to social assistance and areas applicable to it. I have worked in deinstitutionalization-type programs with other organizations. It is like beating your head against a brick wall. I think it is even harder than a brick wall. It is a granite wall or something, because I just do not believe I

have made any impression on anybody so far. But anyway, thanks for your attention.

Mr. Mackenzie: Two or three questions, John. First off, even though it hurts, I appreciate your simple but very moving presentation here today. I was wondering how long ago it was that I first heard you arguing the case for some of the disabled. You said 10 years and that is about where I had placed it.

Mr. Southern: Yes, I think the first time I met you, Bob, was in our office when BOOST was on Richmond Street in 1979. That might have been the first time.

Mr. Mackenzie: It was a crazy thought. I just wondered as I entered that meeting with your people that day whether any of the dogs ever bit. I was trying to walk around them.

I have been here 13 and a half years. In my opinion as an MPP, I feel we have let you down. I guess I could give you lots of excuses. I have not been part of a government, but you made a statement right off the bat that hits home and hurts. In the 1976 Ministry of Labour estimates, and every subsequent year for about five or six years, I raised the question of the percentage of the disabled and handicapped who were unemployed.

It was about 85 per cent, varied within two or three percentage points year after year, and it never changed in spite of programs to assist the handicapped and the disabled. But every year when we asked the question, it was exactly the same percentage. Are you telling me now that your group, and I think it applies generally, is better than 80 per cent unemployed?

Mr. Southern: Yes, blind people particularly still seem to be experiencing a lot of discrimination. It seems there are in some groups of the disabled a few more jobs that are available, but the figures are still not that much better, despite Terry Fox running across Canada and Rick Hansen rolling around the world.

Those things are all very well and good, but when the public sees all these great speeches that the government is going to give the Canadian Paraplegic Association \$1 million or something, I think the general public assumes that the problem has been solved. But the problem is very much there. You are quite right about the percentages not being much different now.

Mr. Mackenzie: One area is obviously the fact that we just have not provided employment in any way, shape or form that means anything in terms of people in your group. The other thing you mentioned was the Thomson report. We have had other groups before this committee which have stressed, underlined and argued strongly that one thing that has to be done is that at least as a start, the initial recommendations of the Thompson report be put into place.

Mr. Southern: I think so. I think stage 1 needed to happen yesterday. There has just been no real movement in this area. The government has been under siege regarding changes to funding for health. Now the government is under siege regarding the Young Offenders Act and the government is being hammered on the housing issue. I think a lot of these problems could be solved in the short term and the long term. One of the reasons for some of them, especially the health problems and the problems with youth today, is that people are living in poverty. They are malnourished and socially deprived.

Mr. Mackenzie: Okay. With respect to that then, your group is

totally on side with the arguments that have been made by umbrella groups and others, that as a start we have to not get side-tracked with further studies but see that the recommendations of the Thomson commission are carried out. That is clearly a position your group takes.

Mr. Southern: Definitely. There is no doubt about that. I think we have been—

Mr. Mackenzie: Can I ask you for a little comment further on the other comments you made, that some of the bright people in the group who might want to access technology or computers or other equipment simply cannot do it without a job?

Mr. Southern: Sure. If the assistive devices program opens up a bit more, then people who need this technology, me being one of them, might get access to a personal computer. I am fortunate. The BOOST office does have a computer, and I am starting to do some training in the office. But I think it would really help me, for example, if I did have better access to some equipment.

I have always, and I am sure there are many of us, tried to put off the evil day when we become computer-literate. I have got to do it or I will be living in a cage somewhere. But I still need to get access to this equipment. I cannot just go to Radio Shack and buy a model 200 or something fairly cheap off the line. The software for the voice output on a computer costs \$1000 alone without the computer.

Mr. Mackenzie: I just have two more very quick questions. One of them deals with the other point you just raised again: the assistive devices program. I have been having some discussions with people on this, and one of my colleagues, Richard Johnston, has started pulling some figures together again. There is a feeling among a lot of people—I would not say all people—that it is simply totally inadequate. I gather from your comments that this is also one of the problems for those who are not quite as well-off as some of the rest of us.

Mr. Southern: I do not know if the program is totally inadequate. I think it has helped a lot of people. I have to say that, but I am not a member of the opposition party. It certainly does not go far enough and it does not meet the needs of the people it should. I know there have been some holdups in the program and it is even hard to find out where they are at. There are meant to be more communication devices for the deaf on line into the start of this year and blind people are meant to get some extended coverage in March, but I believe there are some holdups there which need to be dealt with.

I cannot say the program is totally inadequate. I know some people who have benefited considerably, especially some younger students, from the program—

Mr. Mackenzie: I think you are kinder than some of us would be, simply because if there is an area where there should not be any holdups or where there is simply no reason not to deal with it, it is in people that—I guess if some of the members of this House had some of the problems we might deal a hell of a lot faster with assistive devices.

The final question I want to ask you gets raised in these hearings from time to time. I do not do it in the sense that I think you have got to come up with the answers, because I do not think it is basically your responsibility.

We are asked time and again why we are always stressing—indeed, this year we were not supposed to stress as much—the groups that came with their own, as we like to call them, shopping lists, saying that we should be looking at a broader view of how we raise additional revenues. I am not going to defend that or totally support it. I think it is a question of priorities a hell of a lot more than the additional revenues, although I have my own views on additional revenues.

Has your own group discussed this at all? While you are answering, if you can answer it, one of the groups before us put on our plate a twofold agenda. The first was dealing with the Thomson commission initial recommendations, which are there and clear and can be dealt with if anybody has the will to do it. The second was calling for some kind of a roundtable discussion of the various interest groups in this province to sit down and see where we are going right or going wrong in terms of revenue-raising.

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The concern that was raised with that, both by the group itself and by some of us in the committee, was that if we took that approach first, we would never see the Thomson commission recommendations implemented because it would be another study or stall. But it may very well be a valid recommendation as part of our total process. I am just wondering, though, if your group has taken any look at all at where some of the revenues might be raised or where some changes might be made in the tax structures.

Mr. Southern: No, I do not think we have had any real discussion about raising the revenues. I just think that governments could prioritize better the budgets they have got and put more money into basic social assistance. I know it is a difficult decision to make: Where does the money come from and what other area suffers?

I think one of areas that could have the most influence is if you dealt with the poverty in this province and not just with the plight of persons with disabilities. BOOST and the income maintenance group are starting to work with the Social Planning Council of Metropolitan Toronto and various poverty organizations to lobby the government for change. We see it as a broad issue, and it is not just our issue.

When it comes to raising extra revenue, I do not know what you can do except raise taxes or whatever. Maybe that is the way; or maybe—I know it is more of a federal problem and it is not as not easy to avoid; I know there are ways around paying provincial sales taxes—but to get the people who should be paying tax to pay tax.

As a person who decided to take a low-paying job a couple of years ago—and being on the guaranteed annual income system for the disabled I was about \$50 a month better off—even with a family of four, I ended up having to pay something like \$1,600 tax. I know people who are earning \$60,000 and they have registered retirement savings plans and all kinds of things and they avoided paying any kind of tax. I think that is wrong. I cannot afford to put any money in an RRSP. I certainly cannot now. I could not even when I was working.

I might be laughing at it, but I am just laughing at the irony of it.

Mr. Mackenzie: It might surprise some of my colleagues, but I have not as yet totally given up on this committee being able to make some positive and slightly progressive recommendations, John.

I owe you an apology, however, from my party, I guess, and that is that we did not set a high enough price when we signed an accord that put this current government in power. I wish we had attached a few more conditions to it.

Mr. Kozyra: Mr. Southern, I also was very impressed and moved by your presentation. As a rookie member, I will certainly do what I can in supporting the needs that you outlined.

I would like to pursue along the line of Mr. Mackenzie's first question, and that is the unemployment and the 80 per cent rate. With proper support and training and so on, to what percentage could that be reduced, to the norm that we presently have for the general group?

Mr. Southern: I think for blind people, which is the group I know best, it could certainly be reduced. For instance, I came from England nearly 14 years ago now, and when I left, the rate of unemployment among working-age blind in England was about twice the national average, which at the time was about 14 per cent. When I came to Canada and found no blind people employed, I could not believe it, and that is why I made it one of my priorities to try—if it can be done in one country, surely it can be done somewhere else.

I know the situation is different and Canada is a giant, huge country. I know all the problems, but nevertheless, I do believe that there is no reason why in this country the rate cannot be at least down 20 per cent or something like that. I do not know what it is, but even in America the unemployment rate for blind people is around 45 per cent or 50 per cent. It is a bit lower, but I think that is unusually high if you compare it to Europe.

Mr. Kozyra: So we are among the highest.

Mr. Southern: Yes. I do not know if the statistics are still true, but certainly at one time Canada was one of the worst places in the western world for employing disabled people.

Mr. Kozyra: Is that due mainly to government policies or is there a people attitude that decides that or is there a combination?

Mr. Southern: I think it is an attitudinal problem to a degree, but I do not think it is government policy. I think it is the lack of government policy. There has been no government involvement. In England, for example, there is a three per cent quota. All companies have to hire three per cent disabled people. It is not too practical in Canada, especially if you have a small company. In Timmins or somewhere way up north, you might find it hard to meet your quota. I have had a lot of complaints that, even in England, quotas have not been lived up to.

I was a lathe operator when I first left college in England, which is almost unheard of in Canada, for a blind person to work in industry. But I know, for example, certainly more than three per cent in our factory were disabled; at least 10 per cent were disabled. It was good to see people in the regular workforce.

When I left college, I did not wonder if I would ever get a job. I wondered where I was going to work, what it would be like working and who I would work with. When I started work, I can still remember the first day. You wonder what it is going to be like and how people are going to relate to you and everything, but there was never a worry about what people would think of

my disability. Within a couple of days, I had made a couple of friends. To this day, some of them are still my closest friends.

I have met people who have masters of social work and all kinds of degrees in Canada. In fact, I know one guy who has three good degrees. Sue here even has three degrees. They are either just not working or they have never held a full-time job, and some people are in their forties. Here is Sue working for PUSH Ontario with her three degrees, very well educated, and living on a measly salary of \$18,000 to \$20,000 a year. It is just incredible. We do not believe it.

Mr. Haggerty: I was looking at the Social Assistance Review Committee release and one of the paragraphs mentioned, for example, that few people recognize that of more than 500,000 beneficiaries of social assistance in Ontario, less than 14 per cent are employable adults. I do not know if your association comes under that 14 per cent. It goes on to say that 41 per cent are children, 16 per cent are sole-support parents and 17 per cent are disabled individuals. I do not know what category your groups would fit in there.

Mr. Southern: Maybe into a few of them.

Mr. Haggerty: A few of them. When you are talking about employment opportunities, once a person who is blind advances through the educational system, are those opportunities still available in the colleges? You talked about higher education.

Mr. Southern: I think education is relatively open for blind people. There are some problems. The support is not often there to help people get through. There are some blind lawyers. They have managed to survive and make the grade, but there are others who have started in law school and have dropped out because they just could not get the materials fast enough. They could not get readers or they could not get the stuff on tape quick enough. Access to information is still a problem for blind people. It is a major problem in our lives.

I have heard it said that people in the general population take in 80 per cent of their information visually. Although I have no vision, I do not feel ill informed. I think I am pretty well in touch with what is going on. On the other hand, I cannot take a look at the Globe and Mail and have a quick scoop through the editorials, especially to say, you know, "Today I will look through the editorials and see if there is anything on social assistance I can quote." I cannot do things like that, so I do miss out.

I do not know where the responsibility lies or which government should be doing it, but there must be an improvement in information for the visually impaired; and not just the blind, but handicapped in general: quadriplegics, who cannot turn the printed page or just cannot cope with the bulk of holding printed matter. It is a problem.

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Mr. Haggerty: Would TVOntario be of some help to your group then?

Mr. Southern: Yes.

Mr. Haggerty: To advise you of current issues of the day and that?

Mr. Southern: Yes. I think there are a few things happening that I think this government and other governments could support. There is a radio program called the Radio Connection. One of the sponsors is a group called the Centre for Independent Living in Toronto, CILT. It is sponsored by it and the office for the disabled in Ontario. The program runs every Tuesday evening between seven and eight o'clock on radio station CIUT, which is the University of Toronto's community station. We hope to spread that throughout the province. I think it is a really informative program. I have had some involvement, and so has Susan, in the program.

Also, I believe that educational programs—there is a TV program called the Challenge Journal—can do some useful work, not just to communicate the problems of persons with disabilities to the general public, but to share information that is available in the province.

There are programs, groups and whatever happening all around the province. Some disabled people are just not aware of them. Blind people are not aware of BOOST. Disabled people in general are not aware of Persons United for Self-Help in Ontario. They are good groups to belong to.

Mr. Haggerty: On the other area, on employment, I think of the comments that Bob Mackenzie had talked about. When I first entered parliament here in 1967, the elevators were run by handicapped individuals; there were a number of them who were blind. We do not see that available any more for employment in this particular area.

Have you ever considered any rule that all levels of government should be hiring a certain number of handicapped individuals who are capable of performing in some work environment?

Mr. Southern: Of course. I believe in employment equity. Governments should set a target for hiring disabled people. We used to use words like quotas, but I have been told I cannot use those words any more. People love playing with semantics in this country. I will play your game. This is where I live. I will call it employment equity. Obviously, they should set targets to hire disabled people. As I say, it is effective in other countries.

Just a little story: I was talking to an ex-girlfriend of mine who lives in England. She is a switchboard operator and works for Barclays International Bank. She has been working for it—it was not her first job—on the switchboard now for 11 years. She has got a voice output on the switchboard—the software for the board to work comes from the United States, believe it or not—which allows her to be a productive member of society in Britain.

I asked her about all the people I went to college with. "How's Pete doing?" "He's doing well. He has a great job in computers." Everybody I mentioned had a job. Even one person who had not worked for ages has now got a part-time job. I thought, "I'm in the wrong country." But there are reasons why I would never leave Canada.

Nevertheless, if it can be done there, it can be done here. There is a person I know who has just got a job in Toronto with Manufacturer's Life. She has been waiting two months for them to do something about making the switchboard usable for her. There is the technology coming from this country, or from America anyway, to England. The technology is available. It is just not being used.

Apart from quotas, in England switchboard operators, or telephonists as they are called there, are jobs targeted for blind people. I think you have got to do a little bit of that too. It does tend to stereotype disabled people into certain areas, but I think it is better to assume all blind women want to operate switchboards and at least given them a job than to let them languish in the house watching soaps all day.

Mr. Cleary: I would like to congratulate you on your presentation. You had mentioned England, where you previously lived, and you touched on a few of the questions I was going to ask. What other types of employment in Ontario—we will talk about Ontario—would look attractive to your group?

Mr. Southern: I do not know if I can categorize that way. I think people have certain ambitions in life. I think they should be allowed to fulfil them. For example, I have wanted to do broadcasting or be involved in broadcasting in some way or other. I am just not getting the opportunities I should be given.

It is not just me. I do not even have a degree, but I know people who have gone to Carleton University or to Ryerson Polytechnical Institute or wherever and got either degrees or certificates in journalism, and they are just not being given the opportunity.

I think disabled people in general can do absolutely any job anybody else can do. You just have to match it to your abilities. I am not going to be a truck driver—not yet, anyway—and I realize that fact, but there are many jobs and opportunities that should be available. I do not like to say blind people can do this job or that job, but if I have to do that, I will.

When I started doing employment research for BOOST, I think there were over 1,000 blind people operating switchboards in England, some ridiculous figure like that. In Ontario—this is a few years ago, mind you, but I do not know if it is that much better even today—we could find seven. That is incredible: seven people. There are more than seven major companies in Toronto that could have disabled people as receptionists or whatever.

The Vice-Chairman: Thank you very much for your presentation. It certainly was one from the heart and I am sure it will have an impact on some of the recommendations we bring forward to the Treasurer (Mr. R. F. Nixon).

Mr. Southern: Thank you for your time. I just want to say there is one thing I learned going around the country. I thought I knew the issues, as I say, but certainly the urgency of trying to make change and eradicate poverty is going to be a lifelong ambition with me. I heard so many distressful stories, not just from my brothers and sisters in the disabled community but single mothers and other people who are living in abject poverty in this day and age, when there is so much and this province is so bountiful. It really does hurt to see this kind of poverty, and that is why it came from the heart, because what I have seen in the past few years is burned into the heart. Thank you for your time.

Mr. Mackenzie: Would you allow one more question?

The Vice-Chairman: Sure.

Mr. Mackenzie: You touched on it; I did not raise it, the issue of quotas. You may well remember when we discussed the first private member's bill I moved in this House trying to set up quotas, and which we have moved

every year since. I want you to know, as I think I told your group, that it was not because I had a particular belief in quotas; it was the frustration over the fact that we are just not changing the figures.

They have quota legislation in Japan and almost every western European country now, and evidence indicates that it is honoured more often in the breach than in the commission, but there is a recurring theme when we talk to the people in the field that it may be having some effect and be part of the reason they are doing a little better in some of the western European countries; not because they are necessarily honouring the quotas, which run everywhere from 1.5 to four per cent in European countries.

What is your group's position on it? I have not asked your people for two or three years, I guess.

Mr. Southern: It is the same. We do not call it quotas any more. We call it timetables and targets. Do you like that?

Mr. Mackenzie: You just get around to the same idea. Okay.

Mr. Southern: And we are all for it. There is a group in Ontario called Disabled People for Employment Equity, of which BOOST and Persons United for Self-Help in Ontario are members, and they have been doing some really good work, lobbying governments. I think the fight is still on.

1050

Mr. Mackenzie: I am encouraged by what you say. I literally had not asked for a couple of years and I should have. I remember there was some discussion when I asked your people whether or not you would support such a bill and you finally voted or had a discussion and decided you would. We have moved it since. I was not sure whether you were just calling it by a different name; but you are still not opposed to such an idea?

Mr. Southern: I am sure you would recall, Mr. Mackenzie, that Ontario released its account of its own performance in employing disabled people in August 1987.

Mr. Mackenzie: That is right.

Mr. Southern: I do not know if you took a look at that, but I think if anybody around here should dig that piece of literature up, he will see why there is a need for targets and timetables.

The Vice-Chairman: Okay, thank you very much.

ORGANIZATION

The Vice-Chairman: We have a few minutes before the Ontario Coalition for Better Child Care arrives. They apparently called and said they were going to be five or 10 minutes late. That will probably afford us the opportunity to talk about next week's schedule.

If you remember, almost three weeks ago when the chairman, Mr. Cooke, was here, we were originally given a timetable of not sitting until the latter part of March or the beginning of April. We, all three parties, said that was just unacceptable in terms of prebudget scheduling. There was subsequent agreement to allow us to sit during the weeks of the February 13, 20 and 27.

The clerk had a call on Tuesday afternoon from the whips asking if in

fact we had anything scheduled for the week of February 13. I believe the clerk informed the three whips that we could more than easily fill any time we were given to sit even when the House was in session. I then sent a note to Mr. Mackenzie, as well as to Mr. Villeneuve, informing them of the decision by the whips to let us sit when the House was in session to enable us to hear some of the 27 remaining groups that wanted to appear before this committee.

The clerk has informed me that he has scheduled two groups for Monday afternoon, four groups for Tuesday afternoon and four groups for Wednesday afternoon. Next Thursday morning is still open in terms of whether we are going to be doing the estimates of the Treasurer or hearing from additional groups. I believe the clerk has had discussions with Mr. Laughren, who is unable to appear this week, and this is why we had two additional presentations as opposed to the Treasurer.

Mr. Mackenzie: I have some difficulty. I have as yet no firm position on it, because we probably have an obligation to some of the groups invited, but I want to make it clear to our vice-chairman that when I came back to my desk I got the note saying that we were scheduled to sit for the three days next week, for the three shifts. I also assumed that there had been some discussion or that at least the steering committee had agreed to this, because it has not normally been our policy to take on extra committee assignments when the House is sitting.

It may be very easy for the government with 90-some members; it is not at all easy for us. We already knew, for example, there might be a nonconfidence vote scheduled that we might want to be in the House for next week. There is certainly this craziness of going ahead with the health bill, Mrs. Caplan's approach, so we are going to be here longer than we thought and there is going to be a battle in the House.

It seems to me it is something that was done without too much thought or planning and certainly as I understand it now from talking to my colleague Mr. Morin-Strom, who is our member on the steering committee, and from the Conservatives, without any discussion with the steering committee. That raises some serious questions in my mind, I want to make it very clear.

The Vice-Chairman: Okay. I will take full responsibility as vice-chairman. In fact, there was not a steering committee called. I was operating, I guess, under the wrong assumption, given the fact that we had requested to sit during the weeks of February 13, 20 and 27. In our discussion back to each of our House leaders we said that if we did not sit and hear those prebudget consultations during that time frame, any kind of meaningful input we hoped to have would be lost. I apologize for that. I am at the committee's pleasure, direction, whatever. I will hear Ms. Hart and Mr. Ferraro.

Ms. Hart: It gives others of us difficulty as well, because we have other responsibilities when the House is still sitting. The other thing that I wanted to mention was that I thought we had agreed that we would hear each group for half an hour. I noticed this morning that each one was an hour. All of us have other things we could be doing. Even if you can only schedule two groups at a time if we go ahead, could we maintain our agreement that they be a half hour each? That is fair to everybody; otherwise, it is kind of patchwork.

The Vice-Chairman: Agreed, in the sense that the clerk was not informed that we could not go ahead with the estimates of the Treasurer

until Tuesday. We could only line up two groups this morning.

Ms. Hart: I appreciate that. But is there any reason why they should be doubled in time just because there are only two of them?

The Vice-Chairman: I think we had agreement for between 35 and 40 minutes for the groups.

Ms. Hart: Not as far as I understood. I thought it was half an hour.

Mr. Kozyra: It was 40 minutes.

The Vice-Chairman: I think we ended up splitting the difference at 40 minutes so that we could end up with three in the two-hour sessions.

Mr. Morin-Strom: Just for the Thursday mornings.

Mr. Ferraro: Just by way of information for myself: We had originally scheduled three weeks for the committee to sit. Is that correct, assuming the House ended today?

The Vice-Chairman: Yes, that is correct.

Mr. Ferraro: As it stands now, the committee is discussing whether or not we will sit next week while the House is sitting. Irrespective of that decision, it would entail two weeks left of the prebudget submissions. Is that correct?

The Vice-Chairman: Yes, I think what we are discussing now is in fact whether we are going to be sitting next week, Monday, Tuesday and Wednesday afternoon. Again, I accept full responsibility. I was operating under a misconception, seeing that we had requested that. We may need to have some further discussion, because I do not think there is even a clear understanding that the House will rise for probably another two, maybe even three, weeks. As for the implications that is going to have on any kind of prebudget consultation, I think we need to be honest with ourselves, with the groups that want to appear before us, and with the other item we were given, and that is Treasury estimates. I apologize to the committee and the groups if in fact we have to make alternative arrangements for Monday, Tuesday and Wednesday afternoon.

As I say, by way of information, we still have left on the original list, where we sought input from the public, 27 groups. There are apparently another 16 groups that the clerk has kept on a secondary list. That does not include the number of presentations that have been mailed in the group you get laid before you. I think sometimes two or three additional briefs per week are put before us as mail-ins as opposed to requesting presentations. I am at your pleasure.

Mr. Ferraro: I do have some sympathy for what Mr. Mackenzie said. I think it is a valid point. The approach as to how we set up our time schedule, obviously without beating a dead horse, is that the steering committee should make that decision.

Having said that, it appears to me that if we have the 27 and conceivably another 16 groups that want to make presentations, there are obviously two options: either we can sit next week and hear those that have been scheduled and possibly cannot attend at any other time, or we can say,

"No, we are not going to sit next week." We could ask for, I assume, another week from the House leaders. Failing that, then we have got two weeks, essentially, in which we have to cram in prebudget submissions. I concur, incidentally, with what Ms. Hart said about perhaps getting back to 40 minutes as opposed to an hour.

The other thing, and the final thing I want to put on the table for the committee to digest, is that I have asked Mr. Decker for a list of who is going to appear. Please take this the right way. I am not for a minute saying these are not important people and groups we are hearing. My concern, however, is whether we are going to hear from all the social agencies first and then get into the business people, or whether they should be intermixed, to make sure we get the right blend, if you understand what I am saying.

1100

The Vice-Chairman: Yes.

Mr. Ferraro: I have not seen the list yet. Maybe my colleagues have. I understand Mr. Decker is bringing the list, or maybe the steering committee has dealt with it. I just wanted to state that concern.

The Vice-Chairman: Just one other thing: The committee was interested in hearing from Mr. Thomson. He has agreed and it is just a question of finding an appropriate time for him. Mr. Ferraro has identified a couple of options. Again, not knowing when the session will end places us at a bit of a disadvantage in terms of our prebudget consultations. His suggestion is possibly rescheduling the groups from next week, as well as asking for an additional week from the House leaders to sit when the House is not in session.

Mr. Morin-Strom: I think there is some difficulty in manning a committee next week for the opposition parties. It would be better if we were able to get a third week. My understanding from the whips is that there is some difficulty in the first whole week of March, which would be a third week, in terms of the number of committees that will be sitting.

Maybe we could sit the following week which is supposed to be the spring break week, although I understand a lot of people are not on spring break that week. There are various spring break weeks depending on what community you are in in the province. It certainly is the spring break week as far as our community is concerned.

We could also meet for five days during the two weeks we have, or four and a half, rather than three and a half or whatever we are planning on. That is another alternative.

Mr. Ferraro: Are you saying we should ask for another week?

Mr. Morin-Strom: I think we should ask for another week and the second alternative would be five days.

Mr. Mackenzie: I heard the same thing Mr. Morin-Strom did. They just could not schedule it. That is why we did not get it. I suppose it would not hurt to ask for it.

Mr. Ferraro: May I ask this, Mr. Chairman, if I may be so bold? I empathize with the plight of the opposition in manning a committee. Without being argumentative, what if some of the ones that were scheduled next week

cannot attend any other day? What I am thinking is, is it possible to get one day for those who have no other opportunity to come to the committee? They might conceivably be able to attend an afternoon session for one day, for example. Or would you prefer to say, "I am sorry, but unless you could schedule into a two-week period, forget about it."

Mr. Mackenzie: Mr. McCague has a comment first and then I would like to comment on that suggestion.

Mr. McCague: As I understand it, the proposition is being put to the House leaders today that no committees sit next week at all. That would of course make this discussion kind of irrelevant, if they decide on that. My suggestion would be that you convene a meeting of the steering committee right after question period today to decide what it is we are going to do next week, because we may be knocked out of contention for doing anything anyway.

The Vice-Chairman: The clerk has informed me that in discussion with the groups he had scheduled for next week, there was no group that said it was either next week or never. The discussion may end up becoming irrelevant. My understanding is that there is a steering committee meeting, if that can be arranged, right after question period. Will we know by the end of question period what the House leaders have decided?

Mr. McCague: Subject to the agreement of Mr. Morin-Strom, could we meet at 2:30 p.m.?

Mr. Morin-Strom: During question period?

Mr. McCague: Yes.

Mr. Morin-Strom: I would frankly prefer that.

Mr. McCague: Okay, 2:30 in the library behind the west lobby.

The Vice-Chairman: Seeing I am going to have to chair this, I am going to have to find a replacement for me on the steering committee, just to be fair, I guess.

Mr. Ferraro: Why?

The Vice-Chairman: I do not know.

Ms. Hart: You are elected.

The Vice-Chairman: I am elected?

As the clerk has pointed out, unless we get a motion passed in the House, the discussion allowing us to sit or not sit next week becomes academic anyway. If we have that indication by 2:30 this afternoon, then we will have to have some discussion. Just so we are clear on the steering committee meeting, are we authorized or do we need a motion to authorize us to seek an additional week from the House leaders?

Mr. Mackenzie: We probably need it. I suspect you are not going to get it, but I think you should try.

Mr. Morin-Strom: Our existing motion asked for three weeks. Everything is possible.

The Vice-Chairman: Okay; we will leave that covered then.

Mr. Mackenzie: Can I suggest you take a look at planning—not that I want Fridays added, I can tell you—at lengthening the two weeks if we only get the two weeks, once again with the provision that if we are still sitting in the House, which is a distinct possibility, that may be down the drain as well.

The Vice-Chairman: Okay.

Mr. McCague: I suggest you bring Mr. Ferraro with you to help you.

The Vice-Chairman: It sounds like a great idea.

Mr. Haggerty: With the discussions that are going on here this morning, I think we should have a special meeting on this alone, for this committee to set its schedule. One gets a little bit fed up with the House leaders dictating to this committee when we should sit, when we should not sit and the time allocation for this committee.

It is getting ridiculous now to have these prebudget hearings when the budget is almost struck. These things should be done in the summer months and continue through and then have something prepared for the minister in the fall. Everything we are doing is backwards, you might say. I do not think other committees are treated like this committee, just at the whim of the House leaders to say when we can sit and when we cannot. Our time is being pressed right now. I understand the difficulties facing the opposition members. It is just as bad on this side, being members of the government party. We are pressed for time too.

The Vice-Chairman: I am going to adjourn this discussion. We will probably reconvene it at the steering committee this afternoon at 2:30.

Mr. Ferraro: I am sorry. Why are you meeting at 2:30, as opposed to after question period?

The Vice-Chairman: To accommodate Mr. McCague's suggestion.

Mr. Mackenzie: Mr. Morin-Strom will find it easier. He will be speaking in the House right after that.

Mr. Ferraro: After question period, to me, would be much more appropriate, if in fact you want me there, although I do not think I have to—

Mr. McCague: Mr. Chairman, if he will not come at 2:30, get somebody else over there to come.

Mr. Ferraro: That is good; excellent idea.

The Vice-Chairman: We have representatives from the Ontario Coalition for Better Child Care. Could we have those individuals who are making the presentation come forward and identify themselves, please.

Ms. Rothman: Good morning. I am Laurel Rothman. I am the president.

Ms. Colley: I am Sue Colley. I am the executive co-ordinator.

The Vice-Chairman: We are yours for approximately 35 or 40 minutes.

1110

ONTARIO COALITION FOR BETTER CHILD CARE

Ms. Rothman: Actually, we are pleased to have a chance to present directly. We have usually submitted written briefs before. We are here to talk about the continuing crisis.

Our coalition, which you are probably familiar with, has been around since about 1981. We have representatives from province-wide organizations, parents, day care workers, teachers' federations, social service workers, early childhood educators and concerned citizens. We had prepared a submission in advance, which will be part of your package.

The recent articles in the Globe and Mail have certainly alerted the public's attention to the urgent state of child care affairs in this province, and we cannot really fail to address some of these problems today, even though for many of us involved for many years, it was not necessarily new information.

I guess the articles have reconfirmed that the state of child care is really sagging. For some children and parents, it is so poor we believe we are at a crisis point, and I would say perhaps a different crisis point than 10 years ago. We would like to remind you that, although the Globe and Mail's exposé is the most graphic and detailed picture of the deplorable conditions in many child care centres, it is not new information, and that certainly worries us.

As long ago as 1984, similar material was presented to the standing committee on social development. I think that was in this room, as a matter of fact. Again, in 1985, briefs to the federal Katie Cooke Ministerial Task Force on Child Care raised concerns about quality. Presentations to the federal special committee on child care by Ontario groups and parents raised similar issues.

Two years ago, this report—I do not know whether any of you were on that select committee on health. Your present government struck a committee to examine the role of the commercial sector in health and social services that heard alarming reports from parents, child care staff and provincial officials. I know that at least the director of day care and some of her staff came before the committee.

In May 1988, the Ministry of Community and Social Services released this study, which looked at licensed day nurseries and compliance factors in Metropolitan Toronto. I want to really underline that this study surveyed a period from March 1987 to February 1988, before any of the new funding came in, and this study showed that some child care centres in Metropolitan Toronto received a licence even though they did not comply with the legislation and the regulations.

I guess what we would like to say is that the Globe and Mail's review of the licensing records from across the province clearly demonstrates three points.

First, there are inadequate resources to support the high-quality programs that parents and children need and want and that the government—your government—has promised. There are not enough human, capital or other financial resources.

I want to give you the example of the average child care supervisor, who is probably employed for 35 to 40 hours a week and probably works more like 50, who does everything from shopping for food, dealing with ill children, planning program activities, clearing clogged toilets, preparing budget submissions, sometimes coming to committees like this, figuring out who will clean the centre, political advocacy, providing parent education, and this person probably earns no more than \$25,000 a year.

In Ontario schools, the people in charge of each local school, the principals, usually need not worry about plumbing or meeting a payroll, yet they earn two or three times as much money. I would say their levels of responsibilities are quite similar.

In addition, there are insufficient human resources within the Ministry of Community and Social Services. It is clear there are not enough licensing officials to properly monitor the programs. At the same time, there appears to be no ministerial policy that tells these officials that a centre which is unsafe or improperly staffed should be closed. We understand that even when licensing officials commit scarce resources to documenting habitual noncompliance, their efforts are usually in vain.

The second point is that just as child care lacks human resources, it also lacks significant capital resources. As the series of Globe and Mail articles described—I believe they are attached to your package—in Dryden, where the child died in early December 1988 in the municipal day care centre, the supervisor of the municipal child care centre, municipal and local provincial officials were aware that the centre's building and the equipment were unsafe. Yet—this was documented; it is in the article and I am sure there are more available—there was no money to remedy the situation and the centre was allowed to remain open.

Nor was there any clear-cut, "Because this exists, it must be closed and we must find other places in the meantime for these children and deal with it." It is not uncommon for child care centres to lack the basic resources needed to maintain good or even safe environments for children.

Our third point, and a very, very important point, certainly for your committee which makes recommendations on how to find and allocate and distribute scarce resources, is that the series of articles confirmed that the commercial child care sector is less likely than the nonprofit sector to meet minimum government standards and more likely to be seriously deficient. That is not new either. That was in this report, although this report was mostly about Metropolitan Toronto.

Over the years, we have heard again and again from child care staff and parents who call us on the phone trying to figure out what to do about inadequate food, short staffing and unsavoury and unsafe conditions that flourish in the commercial child care sector. As we are all aware, lack of accountability to parents and the incentive to make a profit are not compatible with meeting even the minimum requirements, let alone providing high-quality care.

We think child care in Ontario is at the breaking point. We are critically short of public resources. We would like to point out, however, that the commercial sector is a substantial drain on what already are scarce resources. This study was actually done by a professional, graduate-level researcher the ministry paid to do it, which was great. When the Toronto Star requested a whole bunch of information, the ministry decided to fund a well-documented study.

It says, "Program advisers"—the licensing officials—"spent more of their time at commercially operated centres than nonprofit parent/community board centres, and most of this time was for quality control reasons." These licensing officials had to make a monitoring visit to commercial centres almost three times as often as to those with a community board.

The minister, Mr. Sweeney, has said that the commercial sector needs more public resources in order to provide high-quality care. I guess I want to underline that the well-documented findings in this study were done when the resources were the same. This was before the direct grant. The commercial and the nonprofit sector were on an even keel, so I do not think we have grounds for that argument. We feel scarce public resources should not be sapped by the sector that is not even meeting the minimum standards. Instead, we urge the commercial sector to redirect its profits, surpluses or whatever to improving the quality of care.

We also want to underline, before I get to the final recommendations, that there are and hopefully will continue to be many examples in Ontario of child care programs that provide warm, enriching, caring and beneficial environments for children and support for their families.

I also want to remind you that our organization, the Ontario Coalition for Better Child Care, has always called for better child care, not just more child care. We have resisted the false solutions that promise an expansion of child care without the necessary resources to ensure a high-quality, nonprofit child care system for all families that need it.

In conclusion, we want to ask your committee to consider the following recommendations at this point in time:

Introduce revised enforcement procedures with some teeth. This would involve a number of changes. I want you to know that this was, I believe, one of the recommendations of your government's select committee in 1986.

First, separate the government staff roles between the inspection and policing role and the advisory, educational, consultation role. The policemen need to be policemen and the consultants and educators need to do that. They need to be done separately, and when a day care centre does not do something, you need to know clearly what the consequence is.

Second, appoint a child care advocate to represent staff and parent interests. I do not know if any of you know what it is like if you try to make a complaint to the Ministry of Community and Social Services and you are a parent who has to take a break to make a few phone calls. In all due fairness, it is partly because the licensing officials are so busy they are always out of the office, but it is also because there is not a clear-cut procedure about what you do with complaints and how they are followed up and how to determine if anything is really done about them. A child care advocate who is well publicized would be important.

Third, differentiate between different types of violations of the regulations and distinguish between those that require urgent action, such as the situation in Dryden perhaps, those that require expedient action and those that involve items that can be phased in over a period of time. We think there is a real difference between unsafe playground equipment, not enough trained staff and whether all your written records are in order. Obviously that is important, but perhaps that can be dealt with in a somewhat different way.

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Fourth, make the procedures uniform across the province. There is a tremendous variation at this time.

Fifth, provide and publicize an easy procedure by which all parents can have full access to information. The Freedom of Information and Protection of Privacy Act is important, but quite cumbersome. It will not answer that parent's question within two days.

In recognition of the fact that the quality of staff is still the major determinant in the quality of child care—and I might say we want you to keep those types of training regulations with no watering down of those training requirements—provide for additional grant moneys to enhance the salaries of child care staff. Ms. Colley will tell you what we recommended in our November brief to your government in a minute, but basically the human resource issue is going to grow. We know what is happening with teachers in this province in terms of retirements and the difficulty in recruiting people into the teaching field. It is not dissimilar in child care. Most child care workers are earning half of what most teachers are earning.

Allocate capital funds on a priority basis to existing child care programs to improve the quality and ensure that they at least meet the minimum standards. Use those capital funds more strategically.

Take immediate steps to end financial support to commercial child care programs. We have heard a lot of discussion, there were announcements and New Directions for Child Care, but we have seen no formal action. I happen to be doing some work in the Stratford and Windsor area where there are commercial operators who say they do not make a profit so they are interested in converting and there is no plan, there is no mechanism by which they can do this.

We want you to (a) limit the purchase of service agreements serving subsidized children to the nonprofit sector only, (b) announce a detailed plan within 30 days that outlines how you are going to phase out existing purchase-of-service agreements to commercial programs within five years and a complementary increase in nonprofit programs, so that families do have service right there in that same community, and (c) produce a plan for conversion of commercial programs, as you promised in New Directions in 1987. We do not think people should have to wait any longer.

Ms. Colley: I think the reason we are very pleased to be here today too is because we feel that the day care centre, all aspects of the delivery of the service, has been under siege for some time now. We were heartened in 1987 when the Liberal government introduced New Directions and we agreed with the philosophy and the direction of that policy.

But what has happened is that despite the commitment to provide increased access to subsidized spaces for parents who cannot afford it, despite the commitment to improve staff salaries, despite the commitment to expand the actual capacity of the system and despite the commitment to increase quality, we have not been able to budge this government to actually provide the resources that are necessary to do those things.

That is really what we want to emphasize here with this committee, that if the government wants to carry out, for those of you on the government side, its commitments to new directions in the child care system in Ontario, then it

is going to be very critical in this year to actually expand the resources available.

The government did in fact introduce a three-year planning process for child care which was innovative and a really good idea, and we do support the development of three-year planning cycles and the idea of having money for three years so that we can see what is going to happen down the road, but quite simply it is not enough. That is what has become apparent in this last year.

It is not because Mr. Sweeney actually chose to put money into the direct grant and not into subsidized spaces or capital programs. That was the decision we pushed to have taken and we think that was a good thing, to actually increase resources so that you can create a comprehensive and flexible system, incredibly important for the development of our child care programs. The problem is not that he should have done one thing rather than the other; the problem is that there is not enough money.

We are hoping that from these committee hearings you will be able to see that, in order to develop child care in Ontario, more money can be allocated in the next budget year and for the next several budget years. I specifically would like to refer you to the recommendations contained in the brief that we wrote originally, before the Globe and Mail articles hit us this week.

First, we have said that we want the province to acknowledge that conditions in Ontario have changed since New Directions and that we want the government to re-examine its spending allocations to make available sufficient funds to provide subsidized child care spaces for all children who have been approved for a child care subsidy and are currently on the waiting list.

The problem is that we have always, as the day care coalition, identified a huge need for licensed quality child care. What did not happen five years ago was that the demand was not out there. But since there has been so much publicity about child care—with its family allowance cheques the federal government has printed this little thing that says we now are going to have a wonderful child care system in Canada and the provincial government came out with New Directions, which was widely publicized, saying that we are going to have a public system of child care—what that did was precipitate the demand in an unprecedented way.

Where before there was need, now there is actual demand. Every little community around Ontario that I have never heard of before, in many instances, wants its own child care program just like its own school. The mistake, I think, that the government made was that it did not realize there was going to be this demand on the system.

Second, we want the province to acknowledge that affordability is a crucial issue facing parents, because what has happened this year is not only do we not have enough subsidized spaces, but the price of the child care is still increasing and the price is still becoming unaffordable. We have asked that the government introduce its plans for income testing and we have asked that the government increase the direct operating grant to cover 30 per cent of operating costs, in order to make the fee for child care more affordable to parents around the province. We think this is really critical, because otherwise what we are really doing is discriminating against low-income parents who are working and do not qualify for a subsidy, but cannot afford those fees of between \$5,000 and \$7,000 a year.

Third, we would like the province to immediately instruct municipalities that are withholding direct operating grants, because some municipalities are not giving them out, to distribute these funds directly to the staff.

Fourth, and this is really critical at this particular stage, we want the Ontario government not to support the federal child care legislation which was presented in the House last summer and defeated on the eve of the federal election call. We understand the government proposes to reintroduce this early in the next session. We in Ontario have shared the thoughts, research and knowledge of all organizations in this country that have said this is not good child care legislation, it is not going to do Ontario parents and the child care system any good and it is not going to be good for the rest of Canada.

I know that Ontario is on the brink of deciding what to do about this, but we really think it is important at this point in time for the Ontario government to come out and express its clear opposition to this legislation. Nobody has supported it. This legislation has no support anywhere, except within the Conservative government of Canada. There is no other support for it.

At the legislative committees everybody who appeared opposed it. Everybody who appeared before the Senate committee opposed it. The directors of day care wrote a memo to their social services ministers, which was signed unanimously by all the directors of day care in Canada, opposing the legislation. The federal government's own advisory committee, the National Council of Welfare also opposed it.

I really think it is important for this committee, given that we are going to be entering new provincial-federal cost-sharing arrangements, to really look at what it is we are getting into when so many people have rejected this legislation.

I think I would also like to just add, on a final note, that our coalition also is very supportive of the recommendations in Transitions, the Social Assistance Review Committee report. We think, as advocates for child care, that we would like to support the direction of the Thomson report, which basically calls for changing our social assistance system to make individuals in Canada more independent, less reliant on social welfare at the point when they are in crisis. We think it is also really imperative for the government to fund the social assistance review proposals.

1130

Mr. McCague: One of the things that the Treasurer told us when he came in to lecture us on what we should be thinking about when we write our final report was, "If you are going to do the same things that you did last year and recommend that I spend \$10 billion more, you might as well forget about the exercise."

Nobody can find fault with your goals and objectives, but I want to discuss one small thing with you. At the bottom of the third-last page, you say, "There are many examples in Ontario of child care programs which provide warm, enriching, caring and beneficial environments for children and support for their families." Then you go on to say, and I am not sure what you are doing here, but did you forget to put a "but" in there right after that?

Ms. Rothman: I am not sure what you mean.

Mr. McCague: You made that statement, which is fairly all-encompassing. Then you go on to say, "I would like to remind you that..." Are you saying that there are some programs that are beneficial but that they do not reach your objective in the balance of that paragraph?

I will try and make it a little easier for you. What I want to come back to is—and you have put quite a bit of emphasis in here on enforcement and so on. I know of programs in the more rural parts of Ontario where a group of parents have got together and decided that they wanted to provide a spend-time-together environment for their children, all voluntary, the parents take turns manning, if you will, this facility, which is an adequate building, for the day, but those people are hassled by the Ministry of Community and Social Services for taking on a voluntary program.

Ms. Rothman: Oh, I see what you are saying.

Mr. McCague: They are not charging each other for the program, but somebody is continually harassing them about what they are doing. That side of it, given that the Treasurer does not want us to spend too much money, I cannot quite understand. It is not a paid proposition at all. I cannot understand why the ministry would want to waste its scarce resources spending so much time monitoring what they are doing when they are doing it for themselves.

Ms. Colley: I think it depends on what it is. If in fact it is parents that are voluntarily organizing what we could call a baby-sitting co-op or something, where parents do have the time to be able to put in time, then that would fall outside of the Day Nurseries Act and I would doubt that they would be hassled. If, however, a groups of parents are getting together and hiring somebody to actually run a day care program, then it does fall under the Day Nurseries Act, and yes, we do need to be quite careful about those kinds of operations, as we would with any day care operation, because that group is offering child care.

Mr. Rothman: It depends on how many kids, how many adults, the frequency. One would need to have more information, but if you are asking us what we think of baby-sitting co-ops, we think that is probably part of a network that may work for some families, usually on a part-time basis. That is not going to meet the child care needs of most families in Ontario. I guess we would have to more information about that specific example.

But if you asked us what we thought of five parents getting together, hiring a person and having 10 kids in a room, we would say no. That is more than five unrelated children in a setting, and I do not know the last time any of us ever took care of 10 children all day long, five days a week, by ourselves. You cannot do it. It would not be good child care.

Mr. Haggerty: Just on that point, it reminds me of my mother, who has raised nine children.

Ms. Rothman: I knew somebody would say that.

Mr. Haggerty: I do not think she went wrong with any of them.

The Vice-Chairman: Did you want on the list, Mr. Haggerty?

Mr. Haggerty: Pardon? No, but I just—I want to get on the list, yes.

The Vice-Chairman: I have got Mr. Morin-Strom and then Mr. Mackenzie and then you.

Mr. Morin-Strom: Thank you for your excellent presentation. One of the things that has always struck me about child care is that we seem to have a different attitude in terms of our caring for kids up to age five compared to after age five.

After age five, children go to schools, and I think almost everyone would agree that schools are available on a universal basis, everyone has access to them, they are fully funded by the government, there are professional people operating schools and no one has any worry about his child when he or she goes into a school in the sense that there are established programs and controls in place and assurances about the setting he is going into.

When it comes to care for children under age five, it seems to be much more on a haphazard basis. The lack of controls across the system I think leaves a lot of parents very vulnerable in the sense of feeling that they are not sure what kind of care and attention their children are going to get, unless they very closely know the operation they are going into.

In terms of a new family moving into a community, I do not think there is any worry about sending your kid to a school, for a child that is over the age five, but trying to find a location, if it is even available, for child care below age five and then to know who is operating it and having the assurances—a child at that age would in fact be more vulnerable and less able to communicate, perhaps, the kinds of difficulties we sometimes hear in terms of some child care settings.

It seems to me a really serious dichotomy in our society. Can we ever get to the kind of a system that is as reliable and can give parents the same kind of assurances with respect to the care of their children in the child care setting as I think most parents feel they have in terms of sending their children to schools?

The Vice-Chairman: I think that was a statement as opposed to a question, but you can respond to it.

Ms. Rothman: I think my response off the top of my head is—we had a conference last November and decided to focus on a broader vision, including speakers from Italy, Denmark, Great Britain and the United States. We saw the real continuum there. Certainly in Italy, France and Denmark, there is high-quality, universally accessible, preschool education—child care for basically all children who need it, at least from age two up. What happens under two is somewhat different in each country; let's put it that way.

Ms. Colley: More like us.

Ms. Rothman: More like us, but probably a higher percentage of people. It is legislated, it is statutory, it is paid for fully out of public revenues, it is viewed as appropriate and acceptable and it is used by 90 to 100 per cent of families, be they part-time or full-time in the labour force.

I think we have to make some basic choices. We certainly do not think that that federal legislation takes us in that direction and we would like to see Ontario, as a major player in Canada, move us more towards some of the European models.

The Vice-Chairman: Mr. McCague and Mr. Haggerty. I am sorry, were you finished?

Mr. Morin-Strom: No, no, no. In terms of the other progressive countries in the western world, my impression had been that they have moved a long way ahead of where we are here in Canada. I wonder if we could be doing more in terms of getting our Ministry of Education and our school systems involved in child care. They have a lot of facilities. In many communities, they have a lot of space in their facilities and probably a lot have access too, and could provide a means of expanding the number of spaces quite considerably in the province.

1140

Ms. Colley: We do not have a position on this in the coalition, but I think that in general we have to look at whether we can move towards a system where it is a statutory right for every child, say, from the age of three and up to have education in child care. We are already doing it in this ad hoc way. We have junior kindergarten in some places and not in others from age four, sometimes a little younger, for half a day. Working parents have to find arrangements for the other half of the day, which is completely disruptive for young children of four years old.

We have this ad hoc system. After school, there is another kind of arrangement. Let's put it all together. It would make much more sense and I think would put Ontario on the map in terms of developing programs that are really child centred.

It seems to me no accident that the Dryden situation went unnoticed. What a difference between a child being killed in a day care centre as a result of what was basically negligence on the part of a government ministry on the one hand, and on the other hand, when people died of mussels or got sick from tuna. There was public outrage. But not with little children? Why is that? It must make a statement about how we as a society in Ontario view children. The most vulnerable people in our society just go unnoticed. We have to change that.

Mr. Mackenzie: You mentioned your happiness with the three-year planning process that has been put in place, but it is my perception that it means absolutely nothing if we continue to drain resources into the private profit sector. I wonder if that is the gist of part of your concerns.

Ms. Rothman: Definitely. It has been about 20 months since New Directions for Child Care was announced, with a move towards a nonprofit system and quality enhancement. We have met with the minister. As recently as June, Mr. Sweeney told us: "We're working on phasing out purchase-of-service to the commercial sector. We expect to release something fairly soon." It is now seven to eight months later and in the meantime we have had many series of crises of not enough subsidies and not enough staff.

Mr. Mackenzie: With respect, my concern is that this resolve is not strengthening but weakening in terms of the private sector. I know there are a number of studies that stress the quality of public sector care, but do you know of any studies at all that make the case for private sector day care?

Ms. Colley: No, we do not.

Mr. Mackenzie: I have never seen one and I have wondered, because I know there are a number of studies that make the adverse case where the advice

or recommendations are coming to the ministry--the Thomson commission report. Your group believes that the initial recommendations are part also of what must be put in place. Would you give that a fairly high priority?

Ms. Colley: A very high priority.

Mr. Mackenzie: The other thing is that you said the expectations that were generated about the availability of quality day care caused an increase in demand. Is it not also the fact that some other programs that have been promised, including pay equity and a number of other issues like that, have had exactly the same effect and resulted in a real expansion of demand because of the need they create?

Ms. Rothman: Yes. I guess I would also add that we are sitting, at least in southern Ontario, in the middle a booming economy. We have met with Mr. Nixon. We have gone over the figures. We have explained things time and time again. Nevertheless, people are in the labour force at very high rates. They need child care to support their ability to do that and the economy needs to have it there so people can support this expansion.

Mr. Mackenzie: It would be self-defeating if we continue to live up, hopefully, to some of the other commitments and do not provide what will then be a basic necessity in terms of a service.

Ms. Rothman: We can talk about child care's investment. It is not usually our thing, but it is true: it is investment; it is job creation; it puts money into revenues; it provides a sort of high-quality, aboveboard service to support families.

Ms. Colley: The other thing is that not allocating the resources really is a false economy, because if you do not put the money into the subsidized spaces, for example, the 7,500 who are on the waiting lists around the province, what is going to happen? It is quite simple. Those mothers, the majority of whom are single mothers actually, who qualify for a subsidy, are going to have to get welfare.

We have already done studies in the past, and I think we will have to resurrect them again, that show quite clearly that it is much more costly in the long term to keep families on welfare than it is to provide high-quality child care services.

That is what Mr. Nixon needs to be told, that he is making false economies if he does not agree to allocate more resources to the child care sector.

Mr. Haggerty: I had a constituent in my constituency office two weeks ago. She was a young mother with two young, preschool children. Through the welfare agencies in the region, the municipality of Niagara had her enrolled through the educational system in a program to upgrade her education to become a short-order cook--I guess that is what it would be. She is working in one restaurant. She was receiving a supplement, I guess, from the industry and her pay for one week would be \$250.

Meanwhile, social services had provided a professional babysitter, you might say, to come in to mind the two children. That person was receiving more income than the mother was. She was receiving about \$20 more a week. Of course, the mother was getting some supplement from the restaurant, but if she were strictly on mother's allowance, that babysitter would probably be getting \$100 more a week than what the mother was getting.

I am concerned when you look at the Thomson report saying that 41 per cent of the 500,000 people in need are children. I can be critical of some of the programs out there and I do not think we are reaching them in the right area—for example, the \$260 that was given to the babysitter there—but I have a daughter who has two youngsters and she is trying to get one of them into a prekindergarten. She is having difficulty and she is a working mother, you might say.

There is difficulty out there, but as Mr. McCague said, there are many good community centres for day care for the community. I think of one of the Presbyterian churches in Port Colborne. They are doing an excellent job, but over the years they have been harassed by somebody in the Ministry of Community and Social Services, saying that because there is a regional one there, they are doing it for far less than costs.

Often, I think that perhaps with some of these agencies that may be setting up, really the money is going there instead of going down to the tail end of it, to the ones who really need it. Do you find that difficulty out there?

I noticed that the ministry is funding a number of these organizations throughout Ontario, but I imagine much of the money is being eaten up in overhead, you might say, rather than really getting down to doing what it is supposed to do for day care.

Ms. Colley: To be quite honest with you, I think that compared to most other services, day care is run really on the cheap. When you think about education or health or other kinds of social services, people in day care keep the costs down to unbelievable levels. I mean, they have never heard of computers in a day care program. Even though, yes, there is inefficiency in the system and it is very ad hoc and very disorganized, I do not think there is a lot of waste there, actually. It is more like it needs to be organized and systematized, as opposed to being cut back.

Ms. Rothman: I was going to say I would want to make sure we gave you the message there. We do not think it is administratively top-heavy at all. There is my description of the supervisor who could be responsible for 52 children, zero to five years of age—all the records, all the files, all the communication with parents, supervision of staff, health, food, physical plant and quality as well as advocacy. That person is making maybe \$25,000 a year and that is the only person who is with all those children every day, all day. There is no secretary. Maybe, if you are lucky, there is a part-time bookkeeper. We do not think it is administratively top heavy at all.

The Vice-Chairman: Thank you very much. We appreciate your taking the time to appear before us this morning.

Ms. Colley: Thank you for having us.

The Vice-Chairman: I will adjourn the meeting. See you next week.

The committee adjourned at 11:50 a.m.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PREBUDGET CONSULTATION

THURSDAY, FEBRUARY 16, 1989



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Owen, Bruce (Simcoe Centre L) for Mr. Kozyra

Clerk: Decker, Todd

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Interfaith Social Assistance Review Coalition:

Pfrimmer, David, Chairperson; Evangelical Lutheran Church in Canada

Lombardi, Massey, Ontario Conference of Catholic Bishops

Meyer, Rick, Disciples of Christ

Marmur, Dow, Rabbi, Holy Blossom Temple

From the Ontario Federation of Students:

Potter, Shelley, Chairperson

MacNeil, Joan, Researcher

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday, February 16, 1989

The committee met at 10:35 a.m. in room 151.

PREBUDGET CONSULTATIONS

The Vice-Chairman: I recognize a quorum and welcome the viewers to the standing committee on finance and economic affairs. We are in the midst of prebudget consultations and will be hearing from two groups this morning: first, the Interfaith Social Assistance Review Coalition; and then, in about a half-hour's time, from the Ontario Federation of Students.

It is my pleasure to welcome to the committee this morning the Interfaith Social Assistance Review Coalition and ask the individuals if they would identify themselves and whoever is going to be the spokesperson. We are yours for the next 30 to 35 minutes.

INTERFAITH SOCIAL ASSISTANCE REVIEW COALITION

Mr. Pfrimmer: My name is David Pfrimmer. I represent the Lutheran Church. With me this morning is Rev. Rick Meyer from the Disciples of Christ; Rabbi Dow Marmur from Holy Blossom Temple; Father Massey Lombardi from the Ontario Conference of Catholic Bishops; Lynda Brown from the Anglican Church of Canada, diocese of Toronto; John Graham from the Anglican Church of Canada; and Paul Eastwood from the Citizens for Public Justice.

Certainly we would like to thank you at the outset for making available to us this opportunity to address you and to share with you some of the views of the faith communities represented within the Interfaith Social Assistance Review Coalition, especially concerning the priorities that should inform and be contained within the next provincial budget, as we believe. This is our first appearance before you, and we thank you for your willingness to share your limited time with us.

First, what is the Interfaith Social Assistance Review Coalition? In the fall of 1986, various faith communities were invited to a consultation regarding their role in the Social Assistance Review Committee process. The faith communities, as you well know, have been working together for many years on a national and local level on specific issues to eliminate hunger and poverty. Within the opportunity of the SARC process, many of the respective groups realized that this was a precipitous moment and agreed to work with the members of SARC to realize the hope of many people in achieving a greater degree of justice for the poor in this province.

The Interfaith Social Assistance Review Coalition—ISARC, as it is affectionately referred to—began regular meetings in January 1987. Members of the coalition include representatives from the Ontario Conference of Catholic Bishops, the United Church of Canada, the Jewish community, the Evangelical Lutheran Church in Canada, the Anglican Church of Canada, Disciples of Christ, Citizens for Public Justice, the Religious Society of Friends—known as the Quakers—the Presbyterian Church in Canada and the Islamic community.

I must also at this point send regrets from a number of our members who were planning to be here who unfortunately could not make this time this morning.

In January 1987, ISARC's mandate was defined as doing the following: (1) to provide advice to SARC, the Thomson committee; (2) to reflect on the reality of poverty and to consider appropriate responses; (3) to engage in advocacy with public policymakers; (4) to develop educational resources for our religious constituency, and (5) to establish and maintain a network of concerned religious people across this province.

Within our religious communities our members continue to be appalled by the persistence of poverty and hunger in the midst of such a prosperous country. It remains a national embarrassment that 3,689,000 people in Canada are considered poor and that the majority of these people are the elderly, single parents and young people, with one third of these people being under the age of 24.

The scandal is no less in this rich province of Ontario where 13.8 per cent of our neighbours, 1,197,000 men, women, and particularly children, are struggling in poverty. What is most shocking is that 400,000 children in this province live in poverty and that 25 per cent of the children who are poor in Canada grow up in this province.

On the other hand, the Ontario economy, as we quote here from the Premier's Council report, *Competing in the New Global Economy*, "is in the midst of a economic boom. The provincial economy has expanded at the rate of 4.4 per cent a year since 1982; the total number of Ontarians employed has grown by 617,000 since that year; the real per capita income is rising. The signs of prosperity abound in heightened personal consumption, growing corporate profitability, and increasing government revenues."

Yet if this is so, why must this tide of prosperity leave so many behind in its wake?

As we have stated previously, a society's stature is not measured by the successes and achievements of the affluent and powerful but, most important, by its willingness and ability to restore the dignity of the vulnerable and the poor in its midst. Governments must give leadership to resolve the conflicting reality of wantonness and poverty in the midst of booming prosperity.

Therefore, we recommend to this committee that this committee call on the provincial government to make the elimination of hunger, homelessness and poverty the provincial priority for budget planning.

The religious community has a long record of attending to the physical needs of the broader community in which it lives. History records the many humanitarian efforts to provide health care, education, food, clothing and material assistance to those in need. This record of service has also involved various partnerships with government, such as we see today in the many food banks that receive limited government support; joint efforts such as the emergency shelter assistance program; provision of chaplaincy and spiritual care and other initiatives of this sort. These charitable efforts can complement government efforts but should not replace government's responsibility to ensure that the material needs of the poor are met and that they are provided the means to escape poverty.

Increasingly, many within our religious communities and in the voluntary sector are becoming concerned that this charitable work is becoming a secondary welfare system. Such a notion of charity, while helping people survive, can also lead to the destructive effect of keeping people poor.

It is personally degrading to have to ask for help. No person should be required to live off the largess of the broader community. People have a basic right to their physical and social requirements as well as access to the means to fulfil their social responsibility to participate and to contribute to the community.

Urgently, we need to begin the process of restructuring our system of social assistance. Within our public policy we must weave a vision that is based upon justice, not charity.

Therefore, we recommend to this committee that the standing committee recommend to the Treasurer (Mr. R. F. Nixon) that funds be provided within the 1989 budget for the full implementation of stage 1 of the Social Assistance Review Committee's recommendations.

Recently there has been considerable attention given to the global development in economic affairs. How do we compete in a new global economy? many ask. How do we stimulate growth? How do we find new markets? The discussion of these questions has given way to a social vision that is strictly driven by economic imperatives. It would seem to us that the regrettable developments of the public debate on the nature of Sundays in this province is also evidence of just this pre-eminence of economic determinism.

Your willingness to consider our views today, we hope, is evidence of a countervailing view that sees economics as it was intended. Such a view would not force people to conform to the economic system, but rather would see the priority being on identifying the needs of people and then developing appropriate social and economic policies to serve those needs.

While it is argued that we are in a time of restraint and financial limitations, there are countries that have continued to develop budgets with a priority on the needs of people. The recent example of the 1989-90 budget of the Swedish government is but one case of political leadership that has placed a priority on the needs of people.

Government has a particular responsibility in this regard. As was recently concluded in a study by the Canadian Council on Social Development, "If the experience of the 1973-86 period is any indicator of how Canada has fought its war on poverty, one lesson is clear: government income programs, and not expanding job opportunities, have kept the (poverty) rate down."

We would hope that social policies would not be wrongfully lamented as a drain on limited resources, but rather seen in their true light as an investment in people that is morally right. We need also to be vitally aware that social policies also make good economic sense. There are real and immediate financial costs to not implementing these programs.

Therefore, we would recommend that the standing committee on finance and economic affairs establish a Premier's Council on social policy to parallel the Premier's Council on economic policy, and provide a consultative mechanism for implementing stages 2 to 5 of the SARC report and for providing budget priorities based upon a broader social vision.

The reality of Ontario must not be our only focus. As part of the Canadian Confederation, the scandal of poverty affects all Canadians. In 1966, in expressing the sincere hope of the majority of Canadians, our governments pledged themselves in law to the elimination of hunger and poverty through the adoption of the Canada Assistance Plan Act. Governments committed themselves

to the following: (1) The provision of adequate assistance to and in respect of persons in need, (2) the prevention and removal of the causes of poverty and (3) dependence on public assistance.

These laudable and legally enshrined objectives need to be honoured and pursued. Therefore, we would recommend the following:

1. That the standing committee on finance and economic affairs recommend that the provincial government urge the federal government to adopt as a priority the objectives of the Canada Assistance Plan Act.

2. That the standing committee recommend to the provincial Treasurer to support only those taxation policies that are progressive in nature and do not place a disproportionate burden upon the poor.

3. That the standing committee recommend that both the provincial and the federal government adopt economic policies that seek full employment, provide affordable housing and provide better human support services.

On behalf of the Interfaith Social Assistance Review Coalition, I would like to thank you for this opportunity to share these views with you. We sincerely hope that your committee will see the continuing presence of poverty in our midst as a vitally important issue to address. For our part, our respective communities will continue to offer our services and resources to help those in need and to call upon all our institutions, both public and private, to help realize justice for those on the economic margins of our bountiful province.

Thank you again for the opportunity. Certainly we will be prepared to answer any questions that you might have.

The Vice-Chairman: Thank you for some very clear recommendations for the committee to consider. Just for the record, on the bottom of page 5, you attribute a quote to the Toronto Star, February 29, 1989. I know we are being very visionary in looking towards the future, but—

Mr. Pfrimmer: It should be February 9.

The Vice-Chairman: Okay. Thank you. Are there any questions?

1050

Mr. Haggerty: I will start it off. I appreciate receiving your brief and comments this morning. Has your committee or group given any consideration to or reviewed some of the past history of assistance programs given to families, such as the guaranteed annual income?

Mr. Pfrimmer: Most of the groups within our coalition have positions dating from way back supporting a guaranteed adequate income. We are not talking annual necessarily, but the whole question of adequacy is vitally important. I think the issue for us is that if we are to help people, how can we keep them at a level that is so far below the poverty line and expect them to survive?

Most of our religious groups would support having an adequate income guaranteed so that they could then, from that place, look at how they would participate in society.

Mr. Haggerty: When you use the word "adequate," are you talking about individuals? Are you looking at each individual as a special case? Is this what you are making reference to? What do you mean by adequate?

Mr. Pfrimmer: Certainly we are talking about individuals. We would also be talking about family units so that family units, however the configuration occurs, would have sufficient income.

As you well know, there are many sole-support mothers who are trying to provide for their children and who cannot escape the trap of poverty at the income levels they are at. We would expect in that unit that they would have sufficient income to provide for their needs and live not so far below the poverty line. We are not just talking about individuals but families as well.

Mr. Haggerty: Have you done any studies into the cost of housing in communities in Ontario? Just picking up the Globe and Mail this morning, it is frightening to see the prices of some of these homes in Toronto and of course it is going to spread. I believe it is spreading across different communities now. As people perhaps move out of the Metropolitan Toronto area into other communities, the pressure point is going to be applied there too.

The Vice-Chairman: Just for the record of Hansard, because they were not able to identify each of you as you moved along, could you identify yourself before you begin to speak?

Mr. Lombardi: I am Massey Lombardi. Just on the question of housing, I do not know whether the light at the end of the tunnel is a train or a light in terms of housing. The projections are that just in the Metro area, with the cost of housing—we did a study in Mississauga, but these are government studies—that with a mortgage of \$180,000, you are going to have to earn \$70,000 or \$80,000 income. Only 25 per cent of the population, I think, roughly—I stand to be corrected—in Mississauga could afford to live in a house. Those are the projections we have to look at.

My concern is not only the question of housing. Our concern is right across the board—the affordability of living a life that is worth while and is hopeful. I happened to walk into the Legislature and I saw all these kids sitting on the steps. My concern is, what kind future are the children going to have in this province and how many of them are going to be caught in the whole area of poverty?

It seems to me that given the age and the projection—all of us are getting a little older and losing a little hair—in terms of what is going to happen, what investment do we have in the kids, given the percentage of how many are in poverty in this province? That is the future. What kind of investment are we having? Our best and most productive resources are youth. It does not look good.

Our concern is whether we are falling into a blueprint for disaster for the future of our children. Given the projections, it does not look good at all, in my opinion. We are concerned about it. I think people are now beginning to realize that this Thomson report is not Thomson's report. It is really a cry from the community in all aspects, saying, "We have to do something now or else it is going to do it to us." That is basically the issue.

Mr. Mackenzie: It is pretty obvious we do not need any studies in the housing area to recognize the problem we face and really the joke we have made of providing affordable housing for people.

Can I ask you if you consider the second recommendation that you have made probably the most important specific action that you are recommending—simply that, as a start, the full implementation of stage 1 of the SARC recommendations has to be put in place and has to be put in place quickly.

Mr. Pfrimmer: I think it is the most immediate step that can be taken. I think Father Lombardi's remarks are important here on two counts. We are calling for a full implementation of stage 1 for two reasons. One is that it will deliver immediately assistance to those in need and will rectify some of the serious problems that are existing in the system. Also, a second point—and this is tied to what we said in other aspects of the brief—is that it will be a signal from political leaders that they are prepared to take seriously trying to develop a new social vision.

There were, as you know, 1,500 submissions and the statistics belie a bit of the faces of the people, many of whom would not be sitting in this kind of place in this kind of room speaking to you normally: people who dared to bare their soul and tell their story of how it affects them. They are looking for some leadership on this; some sign of hope.

I think it is a vitally important recommendation in that it signals to the community that this government—these leaders in this arena—are prepared to address it seriously. It is a question of whether or not we are prepared to shape a new social vision. In fully implementing stage 1, first we will deliver necessary moneys that are needed right now, but also we will signal that there is this hope and this willingness to develop a broader social vision.

Mr. Mackenzie: It could be fair, then, to say that if this committee, whatever influence it might have on the next budget in Ontario, does not rate the implementation of the first phase of the Thomson commission report as an absolute must in terms of whatever preparation goes into the budget in terms of spending and collection of taxes, we really are letting down the side, so to speak, in terms of an attack on poverty and of poor people in this province?

Mr. Pfrimmer: Yes, I think that is fair to say. In preparing the submissions, we did a preliminary estimate, and you are talking about almost 10,000 people who were involved in some way in shaping those interventions, not to speak of the communities out of which they come; just the physical preparation of those briefs. You are talking about a substantial body of people who are looking, at this moment, to see what is going to happen.

I think you are right in saying that if this committee does not recommend that, there will be a real sense of disappointment in terms of the leadership that you might offer.

Mr. Meyer: I would like to say, though, that phase 1—

The Vice-Chairman: Could you maybe just identify yourself for Hansard?

Mr. Meyer: My name is Rick Meyer. I am a Disciples of Christ minister and also the executive director of Stop 103.

Phase 1 is basically just first gear in a five-speed transitions, if you will excuse the pun, or transmissions, because the report is called

Transitions. It continues a lot of the same patronizing, paternalistic way of looking at welfare that is just giving people money. It is very important that all five stages be pursued and that the empowerment of the poor that is in stages 3 and 4 be pursued. I think, if we approach this on a cost-effectiveness basis, the dollars and cents of it, the initial investment of stage 1 and phase 1, through the whole area, would probably make it something that is attractive enough not to turn down.

On Monday of this week, no less than Conrad Black came out and said he thought it was a pretty good idea and that it would fly as far as economic feasibility is concerned. I was very much encouraged to hear that. So stage 1 is important but in fact is just a shifting into first gear of ultimately hoping to get it into high gear and get the whole phase 5 into complete implementation.

Mr. Mackenzie: I think that really ties into the next comment I wanted to make, because it is something that surfaced with some of the other groups that have appeared before this committee. We had, for example, a recommendation at the top of the list of a previous group that the first phase be implemented forthwith. I think anybody who argues against it really has difficulty being credible.

The second one was that there be some kind of round table, if you like, an assembly or conference or attempt to work out the longer-term difficulties we have in the priorities of funding, where the money comes from, where it goes. I think that phase, obviously, deals with the whole question of fairness in taxation and just exactly what our priorities are.

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Jokingly, although I think it really was a key point, one of the members of this committee said, "I take it that, in order of priority, it is the Thomson commission first." My comment or concern on it was simply that if we went first for the round table discussion of where we are really going, we would never get anywhere. We do have a specific recommendation now in terms of the first phase of the Thomson report.

That is really why I was stressing it, not any lack of understanding of exactly what you are saying. I am wondering, though, if there is any way some of the stakeholders and groups like yours that have made these recommendations, I think very clearly, can go a step further. Or is it part of the second part of your recommendation 3, that the standing committee recommend to the Treasurer to support only those taxation policies that are progressive in nature and do not place a disproportionate burden on the poor? That may be simplifying it or not going far enough.

I am just wondering if we can start getting some real input into what we should be doing specifically in taxation matters in this province of ours. Is there a role that you people can play in more specific recommendations in that area?

Mr. Pfrimmer: That is an interesting comment, because I think that is part of what we are suggesting in terms of this Premier's Council on social policy. Where you put your money says a lot about what you value. I think those decisions of how we are going to spend money from the public purse reflect our vision of how we see our community, our society here. It is not just on taxation, but it is on a whole range of issues.

Until we see that social policies are on par with economic policies and until we allow both those to be informed by a vision of where we see this province going 10 or 20 years down the road—it is not just dependent on the market. The market is important—we do not deny that—but there is more to life than just money and what you consume. Until we do that, basically our public policies will be a hodgepodge of whatever seems to be the fashionable trend in economic thinking or whatever.

So I think it is very incumbent on us that we provide some mechanism for those kinds of discussions on an ongoing basis and look at a way of having a vision that can inform how we use taxation policies and government spending policies.

Mr. Lombardi: Just to add to it, when you talk about stakeholders, I think if everybody in this province does not feel that he is a stakeholder in this whole question of the war against poverty, then something is the matter with how we view ourselves and our relationship to each other. That is the first remark.

The second is that it seems very obvious and clear to me and to others, like yourselves, I would hope, what is involved in the cost if we do not implement this and what kinds of implications there are going to be for the future with respect to the implications if we do not attack it now.

Just taking one individual, for example, a mother on social assistance who has a child she cannot afford to feed adequately or house properly, what is the medical cost going to be, when you begin right from the very beginning to have malnutrition, in the next 20 years for that child? The lowest costs may be hidden, but I think, given examples, if you were to take a random sample of these children in poverty, you would begin to say that if you do not pay at one end, you are going to pay at the other.

Our concern is what the effects and the long-term costs are going to be when we do not attack poverty at its roots. I think it is starting to become very clear with respect to corrections. I just resigned as the chairman for the government committee on corrections. There is the whole question of young offenders and the whole question of crime related to poverty. The link is very clear. My concern and the concern of all of us is that this is going to cost us more if we do not attack it.

Mr. Ferraro: My question really could not have been primed more perfectly than the last question and responses. First, let me thank you as well for your presentation today.

By way of premise, I do not think there is anybody, certainly among any of my colleagues, who has listened to you who would not have compassion and appreciation for what you are saying, and I do not mean to be disrespectful or to patronize you.

I have been on this committee now for almost four years. As I am sure you know, it is the standing committee on finance and economic affairs. Every time I get a presentation about the poor, poverty and how, as a government individual, I can do more and all the rest of it, there obviously is compassion in my heart.

Being on this committee, I have another hat—and obviously, as indicated by the father, I am compelled to wear hats, especially when it is cold and that is to deal with the purse. That is why I took particular delight in

seeing your recommendation 3 and your leadup to it and the comments that were recently made.

Again, not that I am not compassionate—I am, I hope—but from an economic standpoint, in my view, for four years, quite frankly, culminating in the Thomson report, which I think is a marvellous document, I have had all the good, compassionate, logical and social reasons why we should do it. There has been an immense downfall, in my view, on the part of the government and those making presentations dealing with the economic realities of it. It is going to cost us a hell of a lot more if we do not do this, or at least as much. There is a positive side.

My question is twofold. One, is there enough assistance, if you will, for social committees such as yours not only to have the good and logical compassionate statistical data but to have the economic data to present to people like us? Second, on your recommendation about having a parallel committee to the Premier's Council on economic affairs, if it makes good economic sense, and let me be the devil's advocate for a minute, then why would you want to create a separate committee as opposed to having representation on the economic committee per se?

Mr. Pfrimmer: Okay, I think these are good points. First, it is not just a matter of individual compassion that we are here. Certainly, everyone, when he is confronted with this reality, is scandalized and horrified by it, particularly if we realize that many people are basically one tragedy away from poverty in this province anyway, some personal illness, job loss or whatever. When we put it in those terms, it becomes a little more immediate for people.

But in terms of how we would respond, I think there is a difficulty in terms of the resources available to voluntary groups within this province. We certainly have to appeal for donations and those kinds of things, so there are some limitations on groups that way.

Having said that, though, there is an interesting thing that has evolved, and I am sure you are aware of it. It is that many groups that have been trying to meet people's needs and people in our organizations who are doing the service kind of work are getting a little fed up with everybody talking about all the voluntary groups out there. "Let's mobilize these people." A lot of those people are already working quite extensively and are burning out and are also a little fed up that we are treating symptoms and not causes.

There is a real frustration, to the point that some people are saying maybe we should just shut down some of these agencies and precipitate a crisis so that people will do something. There is some substance to what you are saying. There are limitations on resources.

Mr. Ferraro: If I could interject, it appears to me, as a politician, that if everything makes sense—let's deal with the SARC report—then quite frankly, the only reason the politicians will not implement it would be that they are not informed enough on the economic upside. I would think that is the fear, that we cannot afford it or that the results perhaps are too hypothetical. Most important, I think it is the dollar. I speak for myself.

Mr. Pfrimmer: There is always a fear around dollars, but I think there is another fundamental point. One of the things is that when you have a

kind of security-minded society, you do not start looking at your vision any more. You start looking at "What's in it for me?" I think there are a lot of people—political people, people in the private sector, people in religious organizations too—who get very inward-looking. What I think we are calling for is to look beyond it.

What the Thomson committee did in some ways is also important in that sense, because when you are inward-looking, you have assumptions about who are the poor out there. I think, if you read the report, a lot of the conventional myths about the poor not wanting to work and being all able-bodied men between 20 and 25 who are just sitting around doing nothing with their lives, and that is a desirable thing, those kinds of stereotypes are dissipating, in what we have seen in Thomson.

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I think the first thing is to get people away from this kind of economic myopia and start to look at what it is we want, and realize that the money is there. Even if it does cost us, it makes good economic sense. But also, if government leaders offer a vision, people in Canada are not unwilling to contribute to helping that be possible.

To give you a case in point, in most of our religious organizations—I will speak for the Lutheran community particularly—in the past 10 years the giving rate to address hunger and poverty has jumped almost 800 per cent over that period of time; voluntary contributions, and that is only a drop in the bucket when we compare it to government spending.

The point I am trying to make is that people in this province are humane, are compassionate and if they see a way of eliminating this scandal, the money will come.

The Vice-Chairman: I am going to have to interrupt here. The gentleman at the end wanted to make a point, and then we are going to have to close it down.

Mr. Ferraro: Can I get him to answer my second question briefly, too?

The Vice-Chairman: I will hear the gentleman at the end first.

Rabbi Marmur: I am Rabbi Marmur. I just want to stress the point that it is not a matter of reason; it is not even a matter of economics, but a matter of value.

There is something in our society which hides behind the general expression of compassion, without necessarily placing the value of dealing with a disadvantaged, nonempowered minority. Our proposals seek to address this particular issue. A body corresponding to this one dealing with social policy would say something about the emphasis and the value.

In many ways, Sweden is a country comparable to Ontario in terms of population and resources. It has changed its value emphasis and therefore found it possible to afford to do things. It is along those lines that we are really looking and thinking about.

The Vice-Chairman: To be fair to the next group that is coming, I am going to have to close it off with this. Thank you for your presentation. Events occurred within the past week, where Conrad Black and the president of

the Toronto-Dominion Bank came out and said that we need to give full consideration to implementing the first phase of the Thomson report. Certainly you see, if you reread some of the McDonald commission's recommendations around the aspect of a guaranteed minimum income, we have certainly focused on the free trade aspect of the McDonald commission, but he also had some other recommendations with respect to some social assistance in Canada as a whole.

Once again, thank you for your presentation. I am sure it will be very useful to the committee's deliberations.

Next we have the Ontario Federation of Students. Welcome to the committee. I wish to inform you that you have probably about 30 or 35 minutes of our time. However you wish to use that time, we are entirely at your disposal. Will whoever is going to be the spokesperson introduce herself to the members of the committee?

ONTARIO FEDERATION OF STUDENTS

Ms. Potter: My name is Shelley Potter and I am chairperson of the Ontario Federation of Students. This is Joan MacNeil; she is a researcher with the Ontario Federation of Students.

We have presented before this committee before and we welcome the opportunity to do so again today. We represent 250,000 students in Ontario and I am sure you have been introduced to us before, so I will not go into everything that we do.

It is no longer possible to ignore education, especially post-secondary education, as an immediate and important priority for government. We simply cannot afford to do so in this province. As our modern economy develops, diversifies and becomes intertwined with the global expansion of trade and technology, the requirement for a well-educated and employment-flexible population becomes imperative.

The impact of these changing economic circumstances will be to shift emphasis away from the traditional sources of wealth in Ontario to the areas that are not yet developed, the areas of communication and services, etc. Post-secondary education can provide not only the skilled workers needed to propel such economic development but also the ideas and inspiration needed for success.

The impact of free trade will speed along these changes and also cause serious dislocation and hardship for the many workers who will lose their jobs. It will put tremendous pressure upon the social net of Ontario to provide for people dislocated by economic restructuring. We cannot afford to lose these workers or to continue training or providing workers who are unsuited to the new economic reality.

Post-secondary education can play a central role in ensuring that our most valuable resource, our people, will not be wasted. Post-secondary education must also be part of another important transition: people moving from the ranks of poverty and dependence to worthwhile employment and independence. To seriously tackle the desperate problem of poverty in Ontario, post-secondary education must be able to reach those who have slipped to the margins of our society. Post-secondary education is no longer simply an option for some people; it is a necessity for as many people as possible.

Today, we will examine not only the difficulties faced by universities

and colleges in Ontario due to consistent government underfunding, but we would also like to suggest some solutions and, more important, suggest a new approach to post-secondary education which recognizes the new reality in Ontario today.

Our first concern is accessibility. Accessibility must remain a priority for the government in dealing with post-secondary education. Ontario's universities and colleges are rapidly becoming a mass educational system. In 1979, for example, 37 per cent of the grade 9 cohort later enrolled in grade 13, and only 25 per cent graduated. But by 1982, 48.9 per cent continued on to grade 13 and about 32 per cent graduated.

The rapid escalation of the retention rate of students in high school indicates an ever-increasing interest in and the need for higher education. As well, the past two years have witnessed record enrolment levels in Ontario's universities, and there is no sign that this is going to change. In fact, we expect that the number of applications will increase over the next five years.

Previously underrepresented groups are now participating in post-secondary education more than ever before: people like women, people whose mother tongue is not English. The government's response, however, to this continued increase in enrolment, rather than substantially increasing the base funding level of institutions to meet the increased demands and the needs of these people, has been to create an accessibility envelope.

The problem with the accessibility envelope is that the government's allocation of the \$88 million towards accessibility funding in last April's budget was woefully inadequate. As students taken into the universities in 1987 and 1988 move out of the first year of their programs, they cost between 50 per cent and 100 per cent more to educate. We estimate that \$57 million of that \$88 million accessibility envelope will be accounted for by the flow-through of the 1987 enrolment increase.

Little will be left over to deal with this fall's enrolment increase, which was a record high. No commitment has been made by this government for accessibility funding beyond 1989-90. The problem here is that universities are packing their halls and classrooms with students and they have no indication of whether they will be able to properly fund these students through the rest of their education.

As a result, we see administrators complaining. We hear them complaining that maintaining accessibility is no longer economically feasible. They have begun to restrict enrolment by allowing the entrance requirements to skyrocket and they have also started to argue that tuition fees have to be increased substantially to make up for the revenues that they do not see coming from this government.

We reject these moves. Ontario's post-secondary system must be both accessible and of the highest quality. We see it as a positive development that more people than ever before are applying for entry into universities and colleges and feel that this should only be encouraged. Substantially increasing tuition fees would eliminate accessibility for a wide assortment of underrepresented groups in our society and set back many of the gains we have made to date.

The university participation rate of Ontario youth has gone up as tuition, relative to average family income, has gone down. It is logical then to assume that tuition does have a definite impact on accessibility. Why, when

we have finally made progress in this area, do we start looking at tuition fees as the way to go?

We urge the government not to give in to pressure to use tuition fees as a means of bridging the funding gap. Substantial increases in tuition fees or the deregulation of tuition fees would virtually eliminate accessibility to universities and colleges in Ontario. The OFS is distressed that the government chose to increase tuition fees by 7.5 per cent for 1989-90, an increase which is substantially above the rate of inflation.

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Although the base funding announcements for the universities have already been announced for 1989-90, we feel there are serious enough problems which warrant further attention in the upcoming budget. The 7.5 per cent increase in base funding announced has been universally criticized as inadequate; we are not the only ones saying this is inadequate. The actual increase to university base budgets is four per cent when you take into account those funds targeted for the accessibility envelope, and this is less than an inflationary increase.

The continuing decline of the share of the total budgetary spending by the government on post-secondary education is extremely distressing to us. The universities' share of total government spending has decreased from approximately 5.92 per cent in 1977-78 to 4.6 per cent in 1988-89. This decline has cost universities \$438 million in operating grants alone for this year.

We have presented to you people before. Many of you are the same, you have been sitting on this committee for a number of years, so I do not have to tell you the impact of the underfunding, the crowded classrooms, the libraries that do not have the books in them any longer, the laboratories that are simply not safe for proper research.

The government itself has imposed costs on the universities which it has not considered in its most recent allocation of funding. For example, universities used to be exempt from provincial sales tax. This exemption was cancelled in 1978 with no adjustment made in operating grants. The increase in provincial sales tax announced in the April 1988 budget constitutes a major expense for the universities. Similarly, pay equity legislation, copyright legislation, regulations regarding the storage and labelling of dangerous substances are all expenses for which universities have received little or no adjustment in their operating grants.

At the very least, we ask the government and this committee to recommend to the Treasurer to follow the advice of the Ontario Council of University Affairs and supplement the recent announcement to bring the operating grant increase up to 10 per cent, which is above inflation for 1989-90. We feel the urgency of the situation dictates such an announcement in the upcoming budget.

We recommend also that the operating formula of the universities be altered so that funds are distributed among the various institutions according to more current levels of enrolment.

The federation believes, however, that only substantial increases in basic operating grants above and beyond inflation will seriously address the problems which have been accumulating over the past decade for post-secondary education in Ontario.

Universities have been continuing from year to year without maintaining, let alone expanding, their physical plant. The Council of Ontario Universities, in a recent report on the spacing needs of the university system, concluded an additional 280,000 metres was required. They have also estimated that \$230 million is required for major repair and renovation, \$115 million for alteration, etc.

We see their estimates as an absolute minimum for accommodating the 1987-88 levels of enrolment but not for the augmented levels of applications for admission in 1988-89 or the enhancement of accessibility for underrepresented groups.

The most serious shortages in space are classroom space, laboratory space, libraries, academic office space and research space.

In its most recent budget, this government allocated only 29 per cent of funding identified by ourselves, by the Council of Ontario Universities and the Ontario Confederation of University Faculty Associations. The government has made much of the fact that the four-year capital funding commitment is the first time there has ever been long-term thought, a long-term plan. However, it is ironic that the government has chosen the worst level of funding in the last three years as the level at which to stabilize.

I am taking excerpts out of the brief to the Treasurer, which we submitted just in January. You have that in front of you, so I will not go through everything that is in the document. I would like to leave as much time as possible for questions. I would urge you to read the rest of the report.

I would also like to touch on education and social justice, on which I think you got a fair bit from the presenters previous to ourselves.

What we would like to communicate with you today is that we do not see post-secondary education as just the segment of the population between 18 and 24; we see it as part and parcel of our society.

Post-secondary education is too often ignored as a means of attacking existing inequalities in our society, including the battle against poverty. We urge the government to expand the horizons of Ontario's post-secondary system to be part of this struggle. This is a radically different approach than what is being suggested by some university and college administrations who seek to turn back the clock on post-secondary education to perhaps more quiet and elitist days.

The federation fully endorses the report of the Social Assistance Review Committee, Transitions. We urge the government to fully implement stage 1 of this report. In doing so, we would also urge the government to consider the role of universities and colleges in the process of helping the poor, the working poor and the underemployed to move from the ranks of social assistance and dependence to worthwhile employment and independence.

We see post-secondary education as being a necessity for people seeking employment opportunities in Ontario. Changes in the economy are forcing the industrial and business community to seek out workers who are more flexible and able to learn new skills quickly. This creates two pressures upon universities and colleges: to graduate as many students who apply as possible and to retrain and regenerate older workers or the nontraditional students - who are fast becoming the traditional students, I might add - to meet the new demand for skills.

We urge you to see post-secondary education as not just something for a very small segment of the population. We see it as much bigger part of our society. Of course, I realize that you people, in making your recommendations to the Treasurer on behalf of this committee, cannot just recommend global, sweeping changes without telling the Treasurer how on earth you could ever pay for this. We do have a few suggestions that we would like to talk to you about.

First of all, we believe that the time has come for the government to stop using short-term, stopgap measures to these problems, which are essentially long-term problems. We believe that post-secondary education is the cornerstone of the future competitiveness and prosperity of Ontario. We believe it can play a crucial role in making this province a more equitable and caring place to live. Thus said, currently the Ontario government raises less money per capita or as a share of provincial wealth than any other provincial government in the country. We also have the second-highest tax capacity per capita in the country, yet our tax effort is the lowest in the country.

When we have presented to this committee before, we have always been asked where this money should come from. Given the fact that we are not economists—and I will caution you that we are not economists—we have indeed been playing around with the provincial budget. I would like to tell you of the few proposals that we have brought today.

When we looked at other countries and how the tax system works in other countries and indeed in other provinces, we saw many areas that this government could perhaps look at as possibilities for increasing the tax capacity in this province. We have looked at net wealth taxes and we have looked at having a special tax on higher-income earners. We have also looked at a business services tax, tobacco tax increases, real estate speculation taxes and ways in which, I believe, we could actually increase post-secondary education spending by 50 per cent in this province.

It is estimated that the Treasury has received \$8 billion in extra revenue since Mr. Nixon took over as Treasurer. We think that he could generate the amount that is necessary to make this system not just accessible but to make it a quality system also. I would encourage you to ask us questions about the various tax schemes we have. I am sure you will in the follow-up.

We urge you to consider using the tax system, as well as the re-evaluation of certain programs, such as the Premier's Council, to provide more support for colleges and universities. Combining the implementation of stage 1 of Transitions, along with major increases in the operating grants for post-secondary institutions, would be a massive step in combating social injustice and inequality in Ontario today. It would also be cheaper in the long run than maintaining the status quo.

I guess now I would like to ask you to ask us questions.

Mr. Ferraro: Thank you for the presentation. Thank you indeed for recommending where we are going to get the bucks from to give more money to colleges and universities. I will not get into a debate about the opposing forces who would be hammering on my door saying, "Ferraro, I pay enough damned taxes as it is now." At least you had the courage to recommend the other side.

I want to ask you a question. I will use my home town of Guelph as an example. I am very proud not only of my community but of my university. The president will stand up, as presidents should do because I think that is part

and parcel of why they get paid, and knock the hell out of the provincial government because it has not provided enough money. There is never enough money.

But I have difficulty, quite frankly, looking at my university and saying, "Yes, indeed, Guelph university needs more money," and it does, knowing full well that Guelph is probably one of the wealthiest universities in terms of assets and land holdings in North America, if not certainly in Canada. To point to a particular example, the University of Guelph owns about 65 per cent of a golf course which is probably worth, having been a former banker, somewhere around \$10 million, and I may be light.

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I have to say to the Treasurer, "Treasurer, I need more money," and I have to tell the people of Guelph they are going to pay more taxes, when in my view a university should not own a golf course or a major part of it. Indeed, on a more general scope, many universities and colleges, not all certainly, probably have assets they are not utilizing. My question to you is, have you ever dealt with that in the form of presidents of the colleges and universities, and would you agree with that?

Ms. Potter: Would I agree with their golf course?

Mr. Ferraro: No. Would you agree that their assets are perhaps not being utilized to the degree that the taxpayer should—

Ms. Potter: In fact, many universities in Ontario are sitting on a very precious commodity, large tracts of land that are not even being used, never mind being used for a golf course. We know the cost of land is very expensive. To have proper housing in areas for students is something that is very difficult. In fact, Guelph is certainly a community, as are a lot of places, with exclusionary bylaws and low vacancy rates.

Mr. Ferraro: We are changing that, though.

Ms. Potter: I cannot wait for that. I keep hearing that. I have not seen it yet.

Mr. Ferraro: This week, I think. Second reading, anyway.

Ms. Potter: I will eagerly await that. We think the universities should begin a major expansion of on-campus housing. We are calling for 40 per cent of all students enrolled —

Mr. Ferraro: I am not just talking about housing now. I am talking about utilizing the assets they have to reap financial benefit to be used for post-secondary educational purposes.

Ms. Potter: I do not know enough about Guelph and its golf course and where that money goes to comment on that particular—

Mr. Ferraro: I used Guelph as an example, but I suspect, knowing Waterloo and Kitchener, that they have assets they are not utilizing either. My point is, has the Ontario Federation of Students ever said to the college and university presidents, "Sure we're going to attack the provinces and the federal government because there's never enough money, but on the other hand we don't think you guys are utilizing your assets to the best of your ability"?

Ms. Potter: I think that is an unusual example. I do not see Sir Wilfrid Laurier University, Waterloo, Western and Queen's with private golf courses on their land. I would be very cautious.

Mr. Ferraro: Have you ever seen, for example, the list of bequests to universities and/or colleges that are in the possession of universities and colleges? That is something they guard, I am sure, like Fort Knox. The taxpayers perhaps should have a right to see those.

Ms. Potter: I would agree with you; the taxpayers should have every right to see those. But my concern is that for whatever reasons, students cannot even—the University of Guelph is escalating in enrolment requirements, but the students who can get in cannot afford to be there and are coming out \$12,000 to \$15,000 in debt at the end of their education. How on earth we make that transition from whether Guelph has a very expensive golf course to helping an individual student is my concern. I have not done any work with Brian Segal, but perhaps the next time I do talk to him I will ask him about that.

Mr. Ferraro: Sure. Please do.

Mr. Mackenzie: First, in terms of the increasing costs for students, I take it that the increases in tuition fees are a definite deterrent for a number of students.

Ms. Potter: Very much. In fact, when we compare ourselves with Quebec, for example, not that it is the most convenient comparison, Quebec is a province where tuition is frozen at about the level of \$600. We look at our participation rates in Ontario and Quebec and see that they have increased at a very substantial level in Quebec as opposed to here in this province. We know it is definitely a deterrent to students in this province.

Ms. MacNeil: They increased their participation rate by 60 per cent over the same period that Ontario's participation rate increased by only about 30 per cent. It seemed to have a particular impact on women. The participation rate of women doubled during that period in Quebec, whereas here it only increased by about 30 per cent or so. Yes, tuition fees are a definite deterrent.

Ms. Potter: The problem is that tuition is not, as you know, the only cost of attending and getting a post-secondary education. It is not just tuition. In fact, it is rent. In Toronto alone—

Mr. Mackenzie: That was the second question. Apart from the tuition increases, and I am not saying it is necessarily the biggest deterrent, I think we are all becoming aware of the problem with housing at the university level as well. How much of a deterrent is that for the students?

Ms. Potter: In fact, students who have been accepted at the University of Toronto will very often go elsewhere because it is just a horrific experience to have to come to this city and find a place to live at any cost, let alone at a cost that students can afford if they are on the Ontario student assistance program. It is an incredible deterrent.

There are the problems we have in many communities with exclusionary bylaws. Mr. Ferraro tells us they will finally be abolished. We have been waiting for over a year for that announcement. Students are being penalized for even trying to share accommodation. There is not the on-campus housing,

there are not the off-campus vacancy rates, and the cost is just escalating in every community, especially every university community.

Mr. Mackenzie: I do not want to get sidetracked on this, but have you done any study or looked at all at what is happening in terms of the debt load some students have as a result of going through university?

Ms. Potter: The average debt load is between \$12,000 and \$15,000 when they come out of a four-year program. A four-year program very often is not the only education a student needs. Therefore, they go on to graduate school and they can only get loans if they go on to grad school. OSAP grants are not available to them any longer, because they have used up their grant eligibility periods.

I do realize that while there are perhaps more scholarships available for graduate students than for undergraduates, what is happening is that students will enrol in a graduate program and then drop out, especially women. I think we have about 50 per cent of women in undergraduate programs, about 30 per cent in graduate programs and we have only about seven per cent of females on faculty teaching. Somewhere between graduate school and actually teaching, which is essentially what you do with a graduate degree, they are dropping.

Mr. Mackenzie: I have become personally aware of this just through some of my own kids and the problems they have had with the bills they have run up in their efforts to finish their education.

The other thing I want to touch on just briefly is the fact that you did raise some recommendations, which is something we have been trying to get many of the groups before this committee to do, as to where we might look at increasing revenues. I noticed that the recommendations you made tended to be those that call for a little more progressive measure of taxation than we have been used to or seen the trend going to in recent years.

I could not help but be intrigued by Mr. Ferraro's comment about the land some universities have available. Would you agree that if we were able to tap into this land that it should not be used simply for an economic return to the university but should be used specifically for a social purpose still connected with education, such as you suggested: housing, for example?

Ms. Potter: We would very much agree with you. We understand that administrators have problems also. We understand they have to run their universities at a certain level; they want to maintain quality also. I do not really want to be pitted against university administrators either, because I do understand their funding problems. We as students have the same funding problems. However, I think it stems from the fact that the government is simply not funding post-secondary education at the level it used to or the level that is necessary in order to have a good system.

Having said that, I also know that here are these administrators trying to sell their land in order to free up some money they need. We have asked, whenever a university sells a certain amount of land, that a percentage of that land— I believe we called for 50 per cent—be used for housing that is not speculative, housing that is not condominiums or the like, nonprofit housing.

Mr. Mackenzie: I take it that a speculation tax—I think that was one of the taxes you mentioned—would find favour with the students who do discuss or think about these matters. We have some pretty obvious examples:

the one in Toronto here, where a real estate operator sold a house which he then proceeded to hang on to and within a matter of weeks he was putting it up again for something like a \$69,000 increase. This is one of the supposedly cheap and accessible houses in Toronto. We have examples before one of our committees of figures as high as 50 per cent or 60 per cent of some of the apartments down on the waterfront here in Toronto being bought strictly for speculation purposes.

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Ms. MacNeil: Yes, and it is not just Toronto. I know in Ottawa the same thing has been happening where people have bought a house at \$75,000, and without doing any renovations to it whatsoever, sold it less than a year later for \$135,000. It is not just a Metropolitan Toronto problem, although it is probably worse in Metro. A land speculation tax would have to be quite hefty and harsh—something that would make it unprofitable for a landlord to flip a property within a year or two of buying that property.

That is what is needed to cool the market down so that those costs are not passed on to young families trying to buy homes and to students trying to rent, because with the current construction of the rent review legislation, the costs are passed directly on to tenants. One landlord sells a property to another landlord and the second landlord passes those costs directly on to the tenants. The tenants have no recourse against that. Students move in and out of housing every year so they are not as aware, maybe, as other tenants would be of what the previous rent was. They are not even in a position to challenge it under the legislation.

Mr. Mackenzie: We might have some possibility. Our Treasurer has difficulties in looking at a speculation tax. On the other hand, this is one of the few committees I have sat on that does not seem to be too locked in its ways. It might be a useful recommendation. What about a minimum corporate tax?

Ms. MacNeil: Yes. We estimate that a minimum corporate tax would bring in at least \$300 million in additional revenue into the province. That would be a minimum corporate tax of eight per cent. That is half of the current statutory rate. That is lower than the American minimum corporate tax. I do not think we are endangering our companies' ability to compete by demanding that because certainly the American government has imposed a minimum corporate tax. In fact, their tax reform was much more sweeping than ours. Ours was a butterfly compared to the slap on the wrist down there.

There are some other things in regard to corporate tax. There is a need to eliminate the special treatment of capital gains and to reduce the carry-forwarding, carry-back loss provisions which benefit mainly large corporations. They do not benefit small corporations very much.

We also think that in light of the mergers and the layoffs that are resulting from these mergers, the government should consider cancelling the deductibility of interest paid on loans that are used to pull together these mergers.

We also would like to see a business services tax rather than the increases that we have seen in provincial sales tax. We estimate a business services tax of seven per cent or eight per cent would bring in about \$300 million into the Treasury.

Back in 1978, the government cancelled succession duties. That is one area that the government could look at to generate other revenue. Providing

that you make an exemption for the average family home and for transfers to spouses—

Mr. Mackenzie: Or the average family farm.

Ms. MacNeil: —and the average family farm, that type of duty would not hurt average people. It would merely cut a bit into the wealth of the wealthiest segment of the population.

The two other measures that we were looking at were a net wealth tax and a special tax on higher-income earners. Several European countries have a net wealth tax already; it is between 0.1 per cent and three per cent of the net value of assets. Those are West Germany, Switzerland, Sweden, Norway and several others. That would generate quite a bit of additional revenue. We estimate \$400 million to \$600 million. That is actually an estimate that we have checked with the Canadian Tax Foundation. They back that up.

The major tax change that the government could look at would be a special tax on higher-income earners. With the recent federal changes to the tax system, they have sort of contracted the brackets from 10 down to three, and people making \$55,000 or \$60,000 are treated essentially in the same way as the people who have incomes of \$200 or \$300 million a year. To our minds, bringing the highest bracket down to a rate of 29 per cent was maybe a bit of a mistake. It was at 34 per cent before and it has an impact on the provincial revenues because, as you know, you take 50 per cent of whatever the basic federal tax is.

If you were to bring in a special tax on higher-income earners that would be graduated and would go from, say, two per cent to eight per cent, it would kick in for people around \$45,000 to \$50,000, and then the eight per cent or maybe 10 per cent rate would be for people making \$200,000 or more. We estimate that the result of that would be \$1.3 billion to \$1.7 billion worth of extra revenue. That is something you could do that would bring in quite a lot of revenue which you could use on education, social services and health care.

Mr. Mackenzie: That might aggravate the newly progressive Conrad Black, if he had to go back to 34 per cent.

Ms. MacNeil: Well, you have to choose who your friends are, I guess.

Mr. Mackenzie: I raised this specifically with the representatives of the students and I am pleased that they have obviously done their homework on it. One of the criticisms that has been made by members of this committee consistently over the couple of years we have sat is that when groups have come before us with requests, as you have, for assistance and help with some of the costs that are beginning to hurt your sector, we always get the shopping list but we do not always get the methods for paying it.

I am hoping that your comments are being taken in a serious vein by the people who are in this room and not just as another political pitch by one group or another, because that question has been specifically asked, as members of this committee know, by members of this committee. When we get it laid out in some detail, it at least should be grist for whether or not we have the guts in this committee to make some recommendations that deal with those specific proposals.

Mr. Haggerty: Dealing with the colleges, about the fifth paragraph down, you discuss the financial problems the colleges are facing and state

that they are now using their reserves. Do you have any numbers there on the value of these reserves?

Ms. Potter: We do not have it with us. We do have it in a document, Cut to the Bone, a report that we researched and produced.

Mr. Haggerty: You have it with the universities too, the reserve funds that they may have sitting there?

Ms. MacNeil: We do not have all of that information. It is a bit easier to get it with the colleges, because they are more creatures of the government than the universities, which are private organizations. It can sometimes be difficult to get that kind of information.

The thing is, the reserves can be a bit deceiving, because to some extent it is just money set aside for the day when your roof springs a leak. What may look like a healthy reserve is actually not that healthy a reserve. The colleges have dipped into their reserves. Most of them have gone so far into their reserves in the last couple of years that if they were to have a major repair to do, they would be in serious financial constraints to do that. The colleges are constrained—

Mr. Haggerty: How would they accumulate these reserves in the first place?

Mr. Ferraro: Why should they have reserves?

Ms. MacNeil: Simply to have money to begin new programs. There is a —

Ms. Potter: Actually, we do not really have these reserves. The reserves are dropping. I do not suspect that you will even see any community college with any money left in its reserves shortly.

Mr. Haggerty: You mentioned Niagara College. I had some meetings with the members in the area there. We sat down and discussed, particularly, the dental program they had, dental technicians, etc. One of them mentioned they did not have sufficient funds. Not only that, but other colleges got into the area of providing the same programs; then there seemed to be a competition between different colleges, and then you find out that one eventually loses. That is what we found there. I can almost say that the same thing will happen to the nursing program. They had one of the best in the peninsula, the nursing training program, the first in Ontario. That may go.

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Have you done any studies in the appeal system of the Ontario student assistance program? You talked about the circumstances that industries—I have seen it in Port Colborne. We had a loss of about 1,500 jobs at Inco. Many of the students were in university or college. Based upon the current income their parents earned, they found that the money was not there and the students encountered difficulties after that. Have you considered any improvements in that area that we can see?

Ms. Potter: Yes, definitely. We meet with student awards people approximately once a month to brainstorm and talk about various things that we would like to see. The problem, not only with OSAP and parental contribution, is that the parental home—this is the only province in which this occurs, by the way—is included in the assets on which parental contribution is based. It

is not just the income of the parents, but the parental home. As you know, with the escalating market in Toronto, a home that cost you \$80,000 some 10 years ago is now worth \$350,000 or \$400,000. In order to actually come up with the parental contribution that you would have to reflect the value of the parental home, you would have to sell your house, which does not help you.

Mr. Ferraro: I think that is a valid point.

Ms. Potter: We have to get that changed. There are many problems with OSAP. That is just one of them. I could run down our list of the problems we have with OSAP.

Mr. Haggerty: The other question is, I think you mentioned the free trade agreement. Is there any possibility or has it started already that we might see the brain drain again going to the United States? Is there that possibility? Have you noticed any of the teaching staff leaving?

Ms. Potter: On professors, we do not have statistics. We could certainly talk with the Ontario Confederation of University Faculty Associations. They would be the people to comment really on the drain of professors. I do not have the stats on whether or not professors are going off to the United States. I would suspect they are, because there are not only higher salaries but better research facilities. I would suspect many of them are going, but I really cannot comment.

The Vice-Chairman: I am going to have to close the discussion at this point in time because there will probably be a bell at 11:55. I want to thank you for taking the time and bringing the recommendations as well as recommendations around how revenue can be generated to meet some of those requests. Thank you.

Ms. Potter: Thank you. We always enjoy coming to this committee.

The Vice-Chairman: To the committee members, the clerk has checked with Mr. Laughren's office and he is available next Thursday morning, so we will be doing Treasury estimates from 10 until 12. You will be notified as to the room and the location.

Mr. Haggerty: The matter of housing has come to the committee's attention on a number of occasions when we have had witnesses appear before the committee. Maybe it is time we should be looking for some direction to the government to say that there should be a special committee appointed by the Legislature to review the housing crisis out there, and the cost.

The Vice-Chairman: It certainly can be brought up during our recommendation discussion.

The committee adjourned at 11:54 a.m.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PREBUDGET CONSULTATION

THURSDAY, MARCH 2, 1989



STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

CHAIRMAN: Cooke, David R. (Kitchener L)

VICE-CHAIRMAN: Pelissero, Harry E. (Lincoln L)

Cleary, John C. (Cornwall L)

Ferraro, Rick E. (Guelph L)

Haggerty, Ray (Niagara South L)

Hart, Christine E. (York East L)

Kozyra, Taras B. (Port Arthur L)

Mackenzie, Bob (Hamilton East NDP)

McCague, George R. (Simcoe West PC)

Morin-Strom, Karl E. (Sault Ste. Marie NDP)

Pope, Alan W. (Cochrane South PC)

Substitution:

Stoner, Norah (Durham West L) for Mr. Cleary

Clerk: Decker, Todd

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Social Assistance Review Committee:

Thomson, George, Chairman

MacDonald, Dr. Clarke

Meagher, Terry

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday, March 2, 1989

The committee met at 10:05 a.m. in room 151.

PREBUDGET CONSULTATION

Mr. Chairman: Perhaps we can get started as the members of the committee are assembling. I have a few brief housekeeping matters we will move on to after Mr. Thomson speaks to us. I guess it is not Judge Thomson any more? Is that correct?

Mr. Thomson: Right.

Mr. Chairman: Mr. Decker has just indicated to me that he has an outline of the agenda for next week which shows us starting work Monday afternoon, not Monday morning. We should be completed by Thursday noon and we can spend Thursday afternoon directing Anne Anderson. We will have all of the next week to write our reports. We will get into that at 11:30.

I want to thank Mr. Pelissero for chairing the committee all during the month of February. I want to thank the committee for the hard work you have done. I have been reviewing briefs that Ms. Anderson gave me and have looked at some of the transcripts too, although I have not seen everything yet. I know you have been working hard. Eventually, I suppose, I will report to you on some of the things that I did. We do not really have time for that now, although I will say—

Mr. Haggerty: That would take a month.

Mr. Chairman: That would take a month, yes. I will say that one of the things that was disturbing, and it is not unusual in the United States, is that no matter where you go these days you see people who are homeless, including within sight of the White House, a lot more than we saw even the last time this committee was down there. They are in every corner of the United States. I think, especially in view of the subject matter that is going to be discussed this morning, that is something that should not be lost sight of.

This morning we have with us and are very pleased to have with us George Thomson, who is now the Deputy Minister of Citizenship. But he was not that when we invited him and that is not why we have invited him here. He was, of course, the chairman of the Social Assistance Review Committee and wrote the very thorough SARC report, which has been the subject of a great deal of our deliberations so far, perhaps more than many of us expected.

Mr. Thomson and I have been personal friends and acquaintances since we were children, since we happened to grow up in Kingston together and went to school together. Although we have not seen that much of each other in recent years, I have followed your career and it was far beyond what I ever expected of you as a small child.

Mr. Pelissero: You don't look that old.

Mr. Chairman: I do not know where we are in age.

In any event, welcome to our committee. Perhaps you can give us a bit of an overview and then spend a fair amount of time answering questions. I understand the committee, being a finance committee, is particularly interested in cost-benefit analysis, if you will, on Transitions. We are hopeful of writing a report to the Treasurer (Mr. R. F. Nixon) that will have all the lines covered, in that if we are going to say, "Spend more money," we want to say why he should spend more money in a financial way.

SOCIAL ASSISTANCE REVIEW COMMITTEE

Mr. Thomson: Thank you very much, Mr. Chairman. It is a pleasure to see you as well after a fair number of years.

I might say at the beginning that I am one of 12 authors of the report. With me this morning are two of the other authors, and I would like to introduce them if I could. To my right, your left, are the Reverend Clarke MacDonald and Terry Meagher, both of whom were members of the 12-person committee that produced the report.

I am pleased to have been invited to come to this morning's session. I am aware of the fact that we come to you somewhat well into your deliberations and that up to now you have received a number of submissions about the report. I think I would not be using my time wisely if I spent my time taking you through the report. I think you have heard a number of submissions and you know the general tenor and approach that we have taken, the general direction and the investment theme to our report as evidenced by the title, Transitions.

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It was suggested to me that I might deal with three issues, to say a little bit about the process that we went through—how did we get to the stage of writing, what was the work we did before that—to say a little bit about the staging and then a bit about the costing that we have done of the report. I will concentrate on those three things, if I could, and then leave time for questions afterwards rather than taking you through our overall approach, if that would be acceptable.

Mr. Chairman: Yes.

Mr. Thomson: First of all, very quickly, with regard to the process we adopted, our committee sat for two years. We began with a very extensive public consultation and we sat, in all-day sessions across the province, for 23 days of hearings. We heard almost 1,000 people and groups. There was a very broad and very extensive response to our call for briefs and presentations. We also received a large number of briefs, totalling around 1,500 in all.

In addition to that, we created a number of advisory groups, people from various areas or sectors we knew were interested in our work. For example, we pulled together a group of sole-support parents who assisted us on issues relating to them, a business advisory group, a faith advisory group, a group of persons with disabilities or who spoke on behalf of persons with disabilities, a legal issues advisory group and a number of others. We did fairly extensive consultation with them.

We had a number of special consultations where we brought in experts in particular areas; for example, housing. As well, there was a group of people

who dealt with issues affecting youth and a number of others. We also consulted with a number of specific organizations that had an interest in the field, whether we are talking about the Association of Municipalities of Ontario, the Ontario Municipal Social Services Association, the United Ways of Ontario and a number of others.

At the same time that we did the consultation, we began and completed a fair amount of research. The report has within it a listing of all the research we had done. We commissioned a number of papers done by outside people for us. Much of that research involves reviews of the literature. We did some original research, but most of our research involved pulling together and analysing what is already out there, in particular research into various programs that have been tried and the effects of those programs. We did a lot of that kind of review.

We did some original research. For example, we tracked a number of people on family benefits over a number of years to see how long people remain on social assistance, how quick is the turnover, how many come back and how quickly. That was something we needed to know and there was very little literature out there.

I might say we made all of that research, as it was done for us, freely available to the public as we received it rather than waiting until the report came out, so that we could receive feedback on the research. The briefs we received in themselves added up to a great deal of research that assisted us.

An easy example would be the work that Dr. Dan Offord and others from McMaster University did for us, taking the research they had done on the effects of poverty on children and following through with comparisons of children whose parents were on social assistance with children whose parents were poor but not on social assistance. That literature was very valuable. We received in it the form of a brief and we used it in the report.

With respect to the costing, as we developed possible proposals we went to the Ministry of Community and Social Services. We had, as part of our team, people who had been made available to us. For example, one of our senior policy persons was John Stapleton who worked in the income maintenance branch of the Ministry of Community and Social Services. We went to the ministry and asked it to cost out specific proposals within social assistance. We used those costings. We analysed them, but we relied extensively on them as well.

With respect to our longer-term proposals, the broader income security reforms that are in stages four and five, we did retain an outside consultant with expertise in the field to take some of the data available through Statistics Canada and do some costing for us of those broader reforms. Much of the costing of the ones we will probably talk about most this morning, the stage one reforms, was done for us by those within the income maintenance branch of the Ministry of Community and Social Services.

That is my quick overview of the process we followed. As I say, I will not take you through our overall recommendations. I will say four things very quickly. I think there were four factors that most affected our recommendations. One was the realization of who, in fact, is on social assistance and the many myths and misconceptions that are carried about who is on social assistance. The easiest example, of course, is the fact that over 40 per cent of the people on social assistance are children. I know you have heard about that a number of times already. When that is coupled with the research on the effects of poverty on children, that was very important to us.

Second, we reached a number of conclusions about how the present system compounds the problems because it is so complex and so hard to understand. It is so full of rules that contradict one another or that do not make sense, and procedures that do the same. It stigmatizes and results in a real loss of self-esteem for those who are on the program, which is an important issue if you are thinking about Transitions because one of the essential aspects of moving off social assistance is feeling that one can. So if one has a sense of powerlessness or lack of self-esteem, that can have a real impact.

We also did a lot of review of the effect of level of allowances, which we found to be inadequate, particularly because of the cost of shelter. As you know, we spent a fair amount of time on that.

The third realization that greatly affected us was the fact that the system keeps growing, even in a time of prosperity, and the fact that, in our view, some of that and perhaps a good chunk of it is caused by the financial traps that keep people on social assistance and make it harder rather than easier to leave.

Last, we were very much affected by the research elsewhere and the programs in Ontario and elsewhere that demonstrate that if you provide incentives and supports, there is a real payoff and people do, in fact, respond to that.

As you know, our proposals are spread over five stages. We talk in the report about why we have done that and there are a number of reasons. Obviously, some of them relate to our view about making this an affordable package. Some of it relates to the fact that it takes time to do a number of the things that we have talked about. Some of the changes we have proposed require federal-provincial co-operation and we think that will take time to achieve.

We felt it was important to identify those things that we thought had to be moved on very quickly, while also, though, being consistent with our overall principle which was that the transition fee must be implemented and it must be done in a way that demonstrates the whole system is changing, not just bits and pieces of it.

Stage one, therefore, really focuses on three things. It focuses on beginning the move to adequate rates. We have particularly focused in stage one on the cost of shelter. In fact, the move will be greater for those who have shelter difficulties than for those who do not, so we have been somewhat selective in our beginning moves to adequacy.

We have also said that a lot of the rules and procedures that make no sense need to be removed—for example, the rule that says that if you are self-employed you are not eligible, regardless of what you make, or the rules that deny people because they lack the residence, and others like that and some of the unfair procedures in the system.

Last, we put a real emphasis upon eliminating the financial disincentives in putting in financial incentives, so that one is always better off working as one moves into the work force. As you know, we have dealt with that in a number of recommendations, ranging from ones that say you should be entitled to deduct work-related expenses before having your income affect the amount of your social assistance, recommendations that would get rid of arbitrary rules like the 120-hour rule that cuts off a sole-support parent, regardless of how much she is making after working 120 hours, and a number of others.

In the second stage we put in all of the things that require new legislation. As you know, we have proposed that the two systems become one social assistance system. We have made a number of proposed changes in such areas as definition of disability, the eligibility rules and procedures. A whole new social assistance act, or legislation with a name like that, needs to be developed. We think that would take a period of time and we have suggested that is stage two.

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Stage three is the implementation of that act, because it will require determining whether the province or the municipality is delivering this unified program in each part of the province. There are a number of other things that require legislation and then take time to implement. We have suggested whole new approaches to cost-sharing between the province and municipalities. Some of those do not fully occur until stage three.

I might say that in all of the stages we have gradually moved towards our definition of adequacy, but stage four focuses upon income supplementation for the working poor, which we see as an essential part of the package so that you always have a system where one is better off working. We have left it open whether that is done through income supplementation or changes in the minimum wage or how much of each, but we have set out a formula that we think should determine how much is paid by stage four so that one is not only better off as one goes into work, one is also better off when one is working full-time at the minimum wage.

Then stage five represents the broader income security reforms that I will not review.

If I could just do two other things and then open it for questions, first of all, on the issue of cost at stage one, I think it is important to acknowledge what I know you know, and that is that to implement stage one will cost some money. The benefit will be further down the road, and I will come to the benefit. There is clearly an additional cost at the first stage, and we have estimated that at \$400 million, close to \$200 million of which would come from the federal government through cost-sharing legislation.

We do think that there is a cost benefit that comes from that, in two senses. First of all, for the part of the package in the first stage that relates to the incentives, we cite in the report studies that have been done elsewhere of similar programs that provide financial incentives and supports to persons, particularly some of the client groups such as sole-support parents, where there is emerging and growing evidence of a financial payoff down the road. In fact, one not only achieves in a social sense an objective that we think is important but there is an economic benefit as well.

We also think that the move to more adequate rates has a financial payoff in two senses. First of all, we believe that paying adequate rates is part of transition.

The old philosophy of social assistance was based upon what we call in the report the spur of poverty: You need to pay inadequate rates in order to create motivation for people to leave social assistance.

Our view—and we think there is some literature to support this—is that if you pay inadequate rates, or at least as inadequate as we found the rates to be at the present time, particularly because of shelter costs, you do the

opposite. You create a population that is consumed by the task of trying to survive on those rates and you take away their ability to apply themselves to getting off social assistance, so that inadequacy becomes a barrier to transition in itself, rather than the motivator in itself.

Second, given the very clear evidence of the long-term effect of poverty, particularly upon children, given the fact that poverty is the clearest predictor of poor life chances for children, just the simple fact of growing up in poverty, clearly, paying more adequate rates has an impact, has a cost benefit down the road, if it reduces that negative impact and instead prepares them better to be contributors to our economy as they grow up and become adults. In that sense as well, we think there is a financial payoff.

We also think there is a financial payoff in the sense that while you will be paying some people social assistance longer because they do not fall off social assistance as quickly as they would under the present system, a number of them will move into the workforce who now do not, thereby creating a productivity that is there that would otherwise not be there if they remain solely on social assistance.

We have not done a broad cost-benefit analysis of all our recommendations, although we have recommended, as you probably know, in our last recommendation that that occur.

What we have done is allowed time for that cost-benefit analysis. We have tried not to make grand assertions that we cannot back up without the cost-benefit analysis, but we do feel that we can defend everything that is in the first stage which buys time to do the cost-benefit analysis, which we think should produce the answers that will create the impetus to move from there. We have allowed time for that to be done while defending what we think should happen in the first stage.

In a number of the areas, it is no longer conjecture that there is a cost benefit, such as the literature on the effect of poverty or the very clear literature that says if you provide core support for children, their parents can leave social assistance, but if you do not, they are stuck on social assistance, many of them, which is why 50 per cent of sole-support parents in this province are on social assistance, rather than 10 per cent, 15 per cent or even less in countries where there is that core income support for children.

A third point is to do only the incentives. Some people have said to us, "Suppose we just get rid of the disincentives and put in the incentives and we do not deal with the adequacy recommendation," which really is a recommendation about shelter cost, helping people with the cost of shelter. "Would that resolve the problem or would that be an important step?"

Obviously, dealing with the disincentives and incentives is extremely important, but we think there would be a serious problem if we only moved on the incentives. For the reason I have already said, it would really affect one's ability to take advantage of those incentives, because we think one would be consumed, as so many recipients are, with just surviving on the money they have.

Secondly, it would create a very clear differential treatment of those who can move quickly into work and those who cannot over time, or who are choosing not to as they raise children, and would create a perception of unfairness that would violate very strongly the principles we have set out at

the beginning of the report. That is why we think the package is important: both the move on adequacy and the incentives.

We think it is important at least to deal with the shelter issue, as part of adequacy in the first stage, or what we have proposed would be very much compromised.

The very last thing I would say is that some have said to us, "Well, is not the \$400 million too low?" In fact, I have heard comments saying: "It is really \$600 million, not \$400 million. How did you come up with your \$400 million and how are others coming up with a higher figure?"

Part of this is hard to answer, because I do not know how the others have come up with the higher figure. The rationale for that has not been given to me or other members of the committee, but I can tell you this: In one respect our estimates are high, in the sense that we did include a projected rate increase that would occur we thought almost immediately, and there has been a rate increase since the report was released; so some part of that costing is in there.

That is the good news. The bad news is that since the report came out, the problems of shelter costs have grown, so that, if you measure the cost of implementing our shelter proposal, it offsets to some degree the rate increase, the savings that come from the rate increase.

In other words, there are more people now who are having to pay higher amounts of money for shelter. Therefore, by moving the so-called shelter ceiling so that they receive 100 per cent up to the present ceiling, more people will need that, given the fact that the cost of shelter has gone up over the last six months.

That is an added cost that comes from the time that has passed since the report was released, that would somewhat—I cannot tell you exactly to what degree—offset the benefit or the reduced cost as a result of the rate increase that has already occurred.

I need to stress that our proposals are all based on 1988 dollars, and we made that point clear in the report.

The only comments I can make, with respect to how someone might come up with a \$600-million figure rather than a \$400-million figure, are these: Our costing is focused specifically upon the changes to social assistance. Some of the broader changes we have not costed.

To give you an example, we have suggested that child care be available to those who need it to leave social assistance. We did not choose to make that one of our specific proposals for costing purposes. We accepted or we felt that, given the initiative in child care generally, that would be covered through that initiative, and we did not make that a specific social assistance cost. If one tried to take the child care cost and added those in, that would add to the cost, if you included those as part of our proposal. We focused upon the social assistance changes themselves.

Secondly, one could take a worst-case scenario. One could say, "Well, with these new incentives, everybody will leave work, or lots of people will leave work, and get on social assistance so they can get the incentives as they move off, or they will just work to the point where they get the most they can from the allowance and the incentives and sit there."

We think that is not an accurate assessment of what will happen. We think there is very good logic for arguing that the cost that comes from paying people longer—because you stay on longer with our proposal, you do not fall off suddenly as you move into the workforce, so some people will still be getting a smaller allowance at higher levels of income as they work—will be offset by the fact that a number of people will move into work who otherwise would not have, so the amount they are being paid would be less although they would be on longer. We think the cost of that would be more or less outweighed by the financial benefit, and we do not think there is a basis for arguing that people will suddenly start not working in order to move on to social assistance. There just is no literature to bear that out as we were able to find it.

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Last, if in fact the full cost of our opportunity planning program were put into stage one and we had spread it over the two stages, that would be another thing that could increase the cost, although we have put a portion of that into the second stage, recognizing that would take some time to organize and implement. That is a longer brief statement than I had intended to make, so I will stop there. I do not know whether either of my colleagues wishes to say anything, but we would then be open to your questions.

Mr. Chairman: Mr. Meagher or Dr. MacDonald, do you have anything to add?

Dr. MacDonald: I would sooner wait and respond.

Mr. Chairman: Mr. Haggerty and Mr. Kozyra have questions.

Mr. Haggerty: Mr. Thomson, you talk about the proposed funding that is required to implement the first stage, and I think I can say this much: I support many of the recommendations in the brief and in the report.

I happen to come from the Niagara region, and I know the difficulties that are there with regional council trying to find sufficient funding in this particular area. Did your committee do any studies in the principal area of who should be really funding social welfare programs? Should it be the upper-tier levels of government or should the municipalities be saddled with 20 per cent? They do not have the tax base that the two other levels of government have.

Mr. Thomson: Yes, we did. We did deal with the issue of cost sharing at some length because you are right, it is very important as part of the overall reform. We did reach the conclusion that at least the allowances part of the unified system we are proposing should be covered by the two senior levels of government—the federal and provincial governments—without a municipal contribution. We did feel that there ought to remain a municipal contribution to the administration and the opportunity-planning side in particular of our proposal, because we do see local governments still involved in delivery of the unified program provided certain conditions could be met. So we do see them remaining involved on that side.

We did suggest, to the extent there is a major financial benefit to the municipalities as a result of the allowances being paid by the federal and provincial governments, in other words some have called it a windfall, but a financial saving as a result of that change, some other approaches that might be taken to use that money for other purposes, but—

Mr. Haggerty: Is there not some duplication in this particular area, though, when you look at local government? Regions and larger municipalities have programs in their systems and the staff is there, and then you come under the Family Benefits Act almost doing the same thing, delivering the same service, you might say. Is there not some waste in this area?

Mr. Thomson: Yes. There is no question that the two-tier system produces real duplication and a lot of double processing of applicants.

Mr. Haggerty: And much confusion out there to the recipients?

Mr. Thomson: A great deal of confusion. That is one of the reasons that we have suggested it become one system, although we have added this planning component that we think needs to be there. At the moment staff members basically deal only with eligibility and are not available to help recipients develop a plan to move off social assistance if possible. But the present two-tier system clearly has duplication and real frustration for the people who come to the system and for those who work in it and find themselves repeating the process.

Mr. Haggerty: The second question is on this freedom of information that now applies to the general welfare services provided in the province. Have you found any problems with this particular area: that you cannot get the information? Say you have an advocate out there looking after the desperate needs of somebody who needs help and he calls the welfare agency and the doors are almost shut on him with the words: "That is privileged information. You cannot get that." Has that come up?

Mr. Thomson: We had a paper done for us on the effect of that legislation on social assistance, and it does suggest that there will be some difficulties in that regard. We have made some proposals that would control the access to that information so that it is not being accessed by people who ought not to do so. We have suggested ways to introduce amendments to that legislation to create exceptions in appropriate cases so that people can have access to the information.

On the other hand, we have made a number of proposals relating to clients having access to their own files and information, because the process at the moment, in many cases, has them debating the issue of eligibility without knowing the information they need to have or that is being used by the ministry or the municipality to base its decision on.

Mr. Morin-Strom: Thank you very much for the presentation and certainly for all the work you have done, not only with your committee in terms of the preparation of the report but the ongoing work you have done afterwards in terms of highlighting the need for action on it and developing a very broad-based support network, which I think is having a real impact. Hopefully, we are going to see the implementation of your recommendations as completely as possible.

I would like to ask with respect to the position we are in in Ontario versus other governments and perhaps other provinces of Canada, and perhaps even more interesting, in comparison with levels of social assistance in other western world democracies in particular, whether you can give us any information with respect to how we are placed in terms of levels of social assistance and income disparities in Ontario in comparison with some other western countries which perhaps have done more to solve chronic numbers of people in positions of poverty.

There is some contention that increasing our level of social assistance will result in greater numbers of people on social assistance. I wonder, in fact, if higher social assistance levels necessarily result in a greater dependency or whether there is some evidence that perhaps it provides people with the tools to be able to get the skills and education and have the time to concentrate on their future and the future of the families as opposed to managing day to day just to survive.

Mr. Thomson: Dealing first with social assistance, we did some fairly extensive comparisons with other provinces and found, as you might suspect, that we are high in some categories and lower in others. It is kind of a moving target as changes are made in one province or another.

The changes we have proposed would increase, obviously, our levels. Some have said, "It is not just the issue of dependency, but is that not going to bring people to the province of Ontario because your social assistance levels are attractive?" We think the evidence is very clear that people do not come to this province for social assistance. They come because of the prosperity, thinking they are going to share in it. When they are unable to do so, for whatever reason, then they may increase the number of people on social assistance.

There is also a real question whether, if someone thought about it, he would ever choose to come to a place like Toronto, even for higher social assistance rates, because the cost of living is so much higher, particularly because of shelter, that it more than offsets any higher amount of social assistance that might be available.

We do not have terribly good information with respect to social assistance rates in a number of other countries. What we did do, though, was look at the levels of income security spending, spending on social programs, in various countries. There is some material on that in the report.

We are neither the highest nor the lowest by that measure. There are countries that are doing very well economically that spend substantially more. There are some that are doing well economically that spend less, and vice versa, leading to the conclusion, in our view, that there just is not any literature that says that higher amounts of social spending automatically produce economic difficulty for a jurisdiction.

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If you look at how we spend our money within income security programs, we do very well with some client groups. For example, we support the elderly well, relative to other countries. Our levels of income security programs and supports to the elderly are better than in many other countries. Without making a comment on whether the levels are right, they are better than in many other countries.

The area where we are close to the bottom—in fact at the bottom, exceeded only by the United States—is in the area of child poverty. There our levels are at the very lowest. There are a number of other countries that provide much better income security support for children than this country does. So you need to look at it in the broader income security sense and you need to look at it from client group to client group to reach any conclusions.

We think there is no evidence to suggest that higher levels of spending take away the incentive on the part of recipients to achieve self-reliance.

First of all, you have to remember that 41 per cent of the people on social assistance are children, so it is not an issue there. Sole-support parents and persons with disabilities—regardless of the level—if given the incentive and the supports to do so, respond immediately. There is very clear evidence to that effect, regardless of what the level is. If you increase the amount of social assistance, it does not take away that desire.

Those persons called single, employable people are fewer than 10 per cent of the people on social assistance. Almost 50 per cent of them are off the program now very quickly. There is no evidence to suggest that slightly higher rates would change that. There may be some small percentage whose decision-making would be affected by the levels of social assistance, but we think you design a program for the vast majority. There the evidence is clear, in our view, that higher levels do not take away motivation and the desire to be independent, to be self-sufficient if possible.

I am not sure if I have answered your question, but that is the conclusion we have reached.

Mr. Morin-Strom: Do you have any figures in terms of numbers or the percentage of the population in Ontario on social assistance, versus other jurisdictions?

Mr. Thomson: We have those figures. I cannot give them to you off the top of my head, but I could provide them to you afterwards. We do have the figures and I think I can give them to you relative to the overall population in that province.

Provinces with greater economic difficulties will have larger numbers for that reason; those who are unable to obtain jobs. Provinces with prosperity, like this one—or at least prosperity at this point—will have larger numbers. Because of people who come to the province for the prosperity, it will be hard to compare the figures against a common set of criteria, but I can give those to you afterwards.

Mr. Morin-Strom: I suppose one measure that is used in terms of employment is unemployment figures. Pretty well all political jurisdictions have quite good figures, although perhaps slightly different definitions as to the percentage that is unemployed.

In terms of income levels, those who are at what you might call some type of measure of poverty and need government assistance may or may not be receiving government assistance. It seems to be much more difficult to get a regular comparison of how various countries are doing in terms of solving that serious income disparity problem and what the level of that problem is jurisdiction by jurisdiction.

Mr. Meagher: Even within Ontario, you get in trouble because it is not a blanket situation. Comparisons have to be made.

Recently it was reported by the business community that the real minimum wage in the Metropolitan Toronto area is over \$7 an hour. You are just not going to induce anyone to go to work for anything less. So the minimum wage may be set at a certain figure. You can say that is what it is in Metropolitan Toronto, but it is absolutely ineffective when people who are in the process of hiring people and trying to get the skills that they need and so on say: "It just doesn't work. You're talking in excess of \$7 an hour."

There are certain things that take place all across the country, and certainly even within this province, that in reality are unreal. You are not talking about the real world at all. Imagine someone going to work in Metropolitan Toronto for minimum wage. I just do not know. There has got to be a form of subsidization, whether it is within the family that is sheltering them or whatever the case may be, but certainly I do not think they are going to do it on their own.

Mr. Chairman: Mr. Thomson, when you were answering Mr. Morin-Strom's question about comparing us with other jurisdictions in the world, was that Ontario or Canada?

Mr. Thomson: When I was comparing social assistance rates, I was talking Ontario versus other provinces. When you talk about income security spending, the comparisons we have are really Canada and other countries, they are not Ontario and other countries, although it is possible to do the comparison by taking the Canadian figures and breaking them down and then comparing them to the other countries. We can provide you with some of that. We have some of that as well.

Mr. Chairman: I would appreciate it.

Mr. Thomson: I should say to you that the percentage of the population on social assistance, if you forget about the 1930s, remained quite constant up until 1980. It is only over the last nine years that you now see the percentage steadily increasing. We have gone from one in 20 people on social assistance down to—now we are getting close to one in 17 in this province.

That is the most alarming thing. It is alarming to have the number of people on social assistance and not able to contribute or not being part of the community that we have, but to see that number climbing and recognizing that doing nothing will still lead to a fairly major expenditure in this program, those two things are, I think, very important.

Mrs. Cunningham: It is good to see you again and thank you for taking the time to be here. I was a little concerned about a statement made recently, quite frankly, attributed to the Treasurer, who will be probably one of the more important players in this whole dilemma we have with regard to increased funding so that we can get this program going. He stated that the social assistance programs in Ontario are already the best in Canada and that he is worried about how new programs can be funded.

That is the kind of statement that people who are not in support of this kind of legislation will hang their hats on. I think you have already spoken a little bit to the validity of that statement in response to the questions from Mr. Morin-Strom, but I wonder if you could elaborate just a little bit, because I think that is the attitude we are having to face in getting this legislation through.

Mr. Thomson: I think two things. If you measure the social assistance system solely on the basis of its ability to meet financial need, if you set aside our transition objective and say the traditional objective is simply to meet people's financial needs while they remain on social assistance, Ontario compares favourably with other provinces. I think, as you will see in our report, there are some client groups where we are not number one and there are some where we are.

It is a somewhat elusive figure, because, as I have already said, paying the same amount to somebody living in Toronto that you pay to someone in Alberta, perhaps even paying more than that, is not necessarily making him or her better able to survive than the same person in Alberta, particularly because of the costs of shelter. Even when you are comparing the figures, you have to recognize you are talking about parts of the country where the costs of living are different, but if you just look at the need principle, we compare not badly with a number of the other provinces, depending upon your client group.

All of the provinces, in our view, do quite poorly when it comes to supporting the transition principle, which includes paying more adequate rates but also includes putting in the incentives and eliminating the disincentives. It could be said that we are not any worse than other provinces in implementing that principle, but our conclusion is that none of the provinces implements that principle well and it is that movement to the new approach that is so crucial. It is tied to our belief that an investment which would pay more, or make more money available than other provinces do would have a payoff, provided it is tied to this transition principle.

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That is what makes it somewhat hard to answer the question, because the criticism we would have of Ontario we would have of all the provinces. Saying that we do as well as other provinces in our view is not saying enough, in terms of what should be done for this population.

Mrs. Cunningham: I think that is important. I thought I heard you say that maybe some provinces do it better, but that does not make it right. I would agree with that.

I have just returned from the United Kingdom. It is interesting to note that the problems we are facing here in Ontario and across Canada—when it comes to our children living in poverty—are certainly problems that are being looked at all over the world. When one sees a model that is working and sees success in some programs, I think one should be latching on to it and taking into consideration the gains. The gains are, first of all, the quality of life for our citizens, especially young children and their parents; and second, the cost savings, which I do not think have been underlined at all enough.

I know you try to underline them every time you are asked a question, Mr. Thomson, and I would like to give you the opportunity now to do that again. We know that the reason we were looking at the system is because it is a mess.

I thought that Mr. Haggerty's question was very appropriate. He was talking about an area that he represents, where we have these two tiers and people are caught in the middle. What these people do—and I know, because I have worked in this system for so long—is spend their days travelling on buses visiting the people who support them, basically, first, to get their cheque; second, to get their food; and third, to somehow pay the rent or find accommodation. That is how they spend their time. It is so sad. While they are doing that, hopefully schools are taking care of the kids.

How can these things be avoided? How could we underline these cost savings to the government? Obviously we have members here. What role have you taken in this cost-benefit analysis, which I think is so important and which we have left with the government these past few months? We have been looking

to it for that kind of leadership; it has the basis for it. But we have to underline this, not only to this government but to the public as well.

Mr. Thomson: Perhaps just as a first point, building on what you said about what is going on in other jurisdictions: Just about everything that is in our report is being tried somewhere. In other words, for those who see the report as revolutionary or as a unique document, it is perhaps wrong or risky for us to acknowledge that we can, I think, show you somebody who is trying almost everything we have proposed.

What we think is unique is the pulling together of all of these things into what we hope is a logical and comprehensive package. But there are some very exciting examples of what can be accomplished in this province and in other countries, and that leads to the answer to your question.

Particularly when it comes to providing incentives and supports to specific client groups, we cite literature in the report that we think begins to demonstrate very clear cost savings over a period of time. The more difficult issue is the one of what you save in the long run when you reduce the amount of poverty. That is a more complex cost-benefit analysis—or a more complex cost-benefit analysis is required to answer that question.

But the literature about the impact of poverty is so much better than it was 10 years ago. If you were to talk about the thing that we have learned more than anything else in the income security field in the last 10 years, it is the tremendous debilitating impact of poverty that now can be measured in very clear terms: in terms of educational achievement, in terms of health costs and on a number of other levels. That is what makes us and many other people so confident that the cost-benefit analysis we propose will demonstrate a very clear long-term saving.

Dr. MacDonald: I just want to support the kind of comment that is implicit in the questions you asked. First of all, I consider it to have been a great privilege to serve on this committee and to serve with George Thomson as chairperson of it, because it gave me an insight into things I knew were happening but which I was not able to look at up close. I came away with a tremendous impression of the desire there is on the part of so many people who are caught in the poverty trap to get sprung from it.

That is why we use—I think in the printed report, and certainly in our oral reporting about it—the idea that we want the safety net to be replaced with the trampoline, so that it is not just a net that catches people when they fall, but allows them to spring back up and become a productive part of the creative part of society again.

In other words, the image that is around—and believe me, it is around; it is in the churches, unfortunately, too, and that is the advisory group that I work most closely with—that the people on welfare are freeloading, beer-guzzling ne'er-do-wells is just a total myth and absolutely out of character with the facts.

The other thing that impressed me—and I have been saying this in public statements I have been asked to make in churches and other places on this issue—is the impression I got of social workers as not being the ogres that they are sometimes depicted to be, but rather, for the most part, being deeply concerned human beings who are themselves trapped in a system. Now, when I read statements like the one you quoted from the Treasurer, I am beginning to think that the politicians are also caught in the system—that we are all

caught in the system—and the only way that we can get extricated from it is by some bold initiative such as the report, which is simply opening a door for that to happen.

You commended Mr. Thomson for the effort, since this report came out, to have—I am paraphrasing now, but I understood—a ground swell of public concern about it. I can tell you that the groups that I have been associated with in this, the faith groups—and I not just talking about Christian churches, I am talking about faith groups now—are deeply concerned that there be a public kind of pressure brought to bear on the kind of thinking reflected in the Treasurer's statement, because that, to me, is just a— Even Conrad Black came out strongly in favour of supporting this position.

But then again, on the other side, it was distressing to read the statement by the Canadian Manufacturers' Association president yesterday, which implies—it does not state—that there should be cutbacks in social assistance. So, I am just encouraging whoever is responsible—and I think it is the people here, who represent the government and the opposition parties—of what we need: a courageous sense of political will to see that this thing is put on the tracks. I would be glad to do anything that I, as a voice in the wilderness, can do to promote that, but I appreciate your bringing these things up.

Mr. Chairman: Can you top that, Mrs. Cunningham?

Mrs. Cunningham: No, I cannot, luckily. I would like to thank Mr. Thomson for talking about the cost savings; I do not think we can talk about that enough. But in light of what we have just heard, the other statement that was very disturbing to me—and we will have a response, if we can; from one of the members of the family—was a statement that, "The government would have to raise taxes or change its two leading financial priorities—health care and education—to pay for the major overhaul proposed in the report," Nixon said."

I think what we have been talking about here, when we talk about programs that improve the quality of life and when we talk about cost saving— When I, as a person who formerly has worked in this field and in working with families and children and young people, list where the cost savings would be, the two areas, in my great experience in life for some 25 years—and I would like a response to this—are: first, health care, because the first place these people go—in all the studies that have been done, the most important support system in the life of single-parent family members is their own friends and family, and second is their doctor. That is who they see more than anybody. Third is their church. That is solid research, no matter what studies.

So the first thing we are looking at in saving money is health care, because that is where they spend their time.

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The second, surely, has to be savings in education. If children are well fed, if they have good housing, if they have parents who are happy and not under stress, surely we are going to see some improvements in the quality of work in education.

To pick those two as being areas that have to be cut in order to support the system, and we are looking at some \$200,000—come up to me afterwards and I will tell you where you can find it with no cuts there.

My question is, can you respond to that? Are we right? Are those two areas where the long-term savings will have significant impact, or am I preaching the wrong—

Mr. Thomson: On the issue of long-term savings, I think you are right, and I think there is growing literature to demonstrate that. I will not presume to be talking about the political judgements that now need to be made, other than to say that we have said very strongly that we see this as a very high priority and an investment that has a long-term payoff. But we say in the report, and we are, frankly, simply taking from other reports already done for the government, such as the Evans and Spasoff reports, that probably the greatest preventive health measure that could be introduced in this province would be to deal with the problems of poverty and to introduce reforms in that area. There are a number of reports that are now arguing that if you really want to reduce health costs, that is where you must start. I think there is no doubt about that.

With respect to education, it is not so much that the costs of education would be less, but the results would be better. In other words, there is clear evidence that those who are well provided for financially are more apt to remain in school, more apt to succeed in school and therefore more apt to be productive members of society after they leave school. The costs of education do not go down, but the results of the education that is provided are much better.

Mrs. Cunningham: Just one comment, quickly; two sentences. In returning from the United Kingdom, I was really privileged in looking at its major report on health care, the one that we are reading about where it is looking at an overhaul of the system, the stages, the different aspects of that total overhaul of the health care system and where the priorities will be. They have a government that will act on it, and that is to their credit. I think one of the greatest criticisms, with due respect, Mr. Chairman, of this particular government in Ontario is that it does not have a plan, it does not have priorities, it has not done the homework and it does not know where it is going next.

In this particular report, Transitions, what they have is a plan. They have a program, they know where they should go. If they want to make any statement to the public at all about their ability to govern, this would be the one place where they can start tomorrow. I just wanted to make that statement. I think it is very important.

Mr. Kozyra: I must say that, after Mrs. Cunningham's comments, what was to be my last point will be first to carry on in this. I do not mean to make this a political forum. I must say at first, though, notwithstanding the interpretation of Mrs. Cunningham of the Treasurer and his comments, I do agree totally with the prioritization of the points in terms of the social reform that is proposed here. I think, in terms of what we see as a total society and our priorities, this should be number one, because it plugs so directly into those other key areas that we normally list as one and two in our priorities; that is, health care and education. I really think that they do that, and it is corroborated by the comments this morning and the report itself.

On a more general approach to this, I see partly a megatrend for the future. The chairman touched on it. He mentioned, in Washington and his travels through the United States in the past month, this growing visibility in the number of the homeless. Your report touches on it as well.

I am wondering whether you have specific views on what accounts for, in societies that seem to be very wealthy compared to others, this polarization between wealth and poverty? As extensive as your report is, will it get to the root of this polarization?

Mr. Thomson: It is a difficult question to respond to. To some degree, I need to say that the general economic and political issues that lead to economic differences among the population are things that we did not spend a great deal of time on. We did that partly by intention and partly because there are 12 of us on the committee and these are issues on which there can be very strong views from one member to another. It is not an area where we reached an easy and fast consensus. Therefore, we have not dealt with that issue.

I think there are a number of things that lead to the disparity. One which I think ties into the report is this: I think there has been a general belief that overall economic prosperity trickles down to those who are at the lower end of the economic scale so that prosperity generally pulls everybody up. I think that what we discovered and what is being borne out by the statistics on social assistance is that that is just not happening any more, assuming it did at any time in the past. The simple fact of prosperity does not suddenly mean that these people, the population we are talking about, will all move up the economic ladder.

There is clear evidence that the number of working poor will decline for the reasons that Terry Meagher has already mentioned: that if there is a shortage of labour, employers pay more for that labour, so the number of people on minimum wage declines. However, the number coming out of social assistance does not decline. That is why we think it is much more than simply waiting for prosperity to have its impact. It is recognizing that you must get at the traps that are in the system itself and then support the poor with a plan that enables them to achieve something with support, rather than thinking that prosperity will do it on its own. I think it is that assumption that has, to some degree, driven us in the past and we are seeing the results of it. There are obviously a number of other factors.

The reason there is a housing problem is a complex one, and not one that I would propose to spend much time on. I would make one point, which is this: We have proposed that people on social assistance be assisted with the costs of shelter. It is crucial that that happen. That alone will not solve the problem. Only dealing with the ability to purchase the shelter without dealing with the issue of supply does not accomplish the result. It is a combination of the two. That is why, when we have dealt with it in the report, we have stressed both the ability to buy it and the need to deal with the supply issue. The factors that create the problem in the first place are not ones that I think I can answer any better than other people around this table, or better than we have tried already in the report.

Mr. Kozyra: I have another general question. It deals with what may be interpreted as a growing social awareness, partly or largely brought about by your report. That is the kind of thing we see Conrad Black speaking out on, or the Federation of Women Teachers' Associations of Ontario, or just the other day the Canadian Manufacturers' Association. Do you see this as growing support or are the battle lines are being drawn? What is actually happening here?

Mr. Thomson: First of all, I do have to say, and I think I speak for the whole committee, that we are very pleased at the breadth of support that

is there and the fact that it comes from all sectors of our society. It is that that I think will have a major role in determining how what we have written and what we believe is responded to.

With respect to the Canadian Manufacturers' Association, one thing I would say is that as I understand its brief, which is focused upon how one contains the deficit, it has looked to social-spending savings in order to achieve that, primarily by backing off on the universality principle and not paying social benefits to people at higher incomes. We have not taken a broad position on that issue, although in order to achieve our children's benefit we have even accepted that there might be some modest departure from universality in the area of the family allowance in order to provide a core children's benefit for people living in poverty and up to mid-income levels because of the enormous benefit that comes from that.

Some have been critical that we have accepted a possible retreat from universality in order to pay for that benefit. We do not do it because we do not believe in universality, but we wanted to demonstrate that we accept that there may have to be some tough decisions made to afford all of the things that we have proposed.

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The battle line that is being drawn may not be over whether what we are talking about should happen. That is why I think you should be—or at least we are—reassured by that breadth of support, because even those who are concerned about deficit reduction and concerned about the extent to which social spending contributes to the deficit seem to be supportive of the direction that we have identified here; and that is reassuring.

Mr. Kozyra: More specifically to the report, I saw as one of the most important immediate benefits the breaking of that myth as to who actually is on welfare and the focus on children: 41 per cent. I would like to focus on that, since this is such a tragic number and large number in our society. I know it is contained in the report, but I think it is worth while at this morning's meeting to specify what exactly you see as the benefits or the programs that will focus on children and reduce this number and benefit their lot specifically, because I think that is one of the greatest benefits of this.

Mr. Thomson: I might just say at the beginning that the report says 37 per cent. By the time the report was published, it had gone to 41 so we used the 41 per cent figure, which gives you a sense of how the problem is increasing, not diminishing.

We think what we propose will benefit children in a number of ways. First of all, on the simple issue of providing income support so the children do not grow up in poverty, and we have talked about it this morning, the research is very clear on the benefits that would flow from that, and that is the major thrust of the report.

We also think that providing support for children and their parents and enabling the parents to make choices and carry through on them—and, for example, to become part of the workforce if they choose to do that, with support; for example, knowing their child care needs are met, being able to be better off financially as they move into the workforce—the benefits of that to the parent are also benefits to the children, and not just economic.

In fact, Dan Offord's research, which compares children growing up in

families that are on social assistance with children at the same income levels whose parents are working, demonstrates that the second group of children does better. The fact of assisting the parent to be able to contribute and be part of the economy to the extent that she wishes to do that, and helping her plan for the time when the work she is doing in the home will come to an end, is a real benefit to the children themselves. That is the second thing.

We have also addressed perhaps the most difficult issue of all, and that is the children who grow up in poverty, or in some cases not in poverty, and leave school early without the skills to contribute to the economy. We should acknowledge that that is the highest-risk group and there are not easy answers.

We have proposed a number of answers, such as early enrichment programs, which seem to help keep children in school. The research on head-start programs which at one point was negative is now quite positive. Co-operative education that would keep them in school while they work is another thing we have proposed, and we have proposed some special measures to help children coming out of the child welfare system, children we think are at very serious risk of long-term stays on social assistance and at risk in other senses as well.

Mr. Pelissero: Thank you, Mr. Thomson, for appearing before the committee today, and to your committee as well for—I guess to pick up on a recurring theme—dispelling the myth. That is probably a big job that we all have responsibilities to is to dispel the myth of those individuals who are not as fortunate as a lot of us in the province.

I would also like to compliment the Minister of Community and Social Services (Mr. Sweeney) for striking the committee, which was previous to my joining the government, because I think it is important to get a picture of exactly what is out there and dispel that myth without trying to develop a public policy in the vacuum of a report such as yours not being there.

To put the Treasurer's comments versus other provinces into perspective for a second, I think he might have been referring to where we have come from in the last, say, two and a half years compared to assistance in this area from previous administrations.

I would like to touch on the reverend's comments with respect to countering the Canadian Manufacturers' Association. You certainly touched on a little bit of those towards the end of your comments in talking to Mr. Kozyra's remarks, but could you expand on that a bit in terms of your staged approach to Transitions, recognizing that it is a federal-provincial shared responsibility? I think I heard you mention during your presentation that the package is important. I am assuming you were talking about the whole package, as opposed to stage one. I am assuming that you were talking about full implementation of stage one, as opposed to parts of it. I would be interested in your comments from there.

Mr. Thomson: I think I can say on behalf of all of the committee that one of the reasons you are seeing five stages is that we recognize that achieving the goals we would set would be difficult not only logistically—some of the things we are proposing take time just to do once one decides to do them—but also it was an attempt to recognize that both the provincial government and then the federal government would have to look at their overall financial picture in deciding or in trying to implement changes as broad as this.

So that was one of the reasons we accepted that, for example, the move to what we would call adequate rates takes four stages. You do not get there in the first stage. We have accepted that reluctantly, but we have accepted that for reasons that, I think, tie into why the Canadian Manufacturers' Association and others are concerned about deficits.

However, we feel very strongly about two things. One, this is not the population on which to reduce the deficit. In other words, we think that the long-term costs of that in human and economic terms is so great that the one thing one ought not do is see this as an area to achieve savings in order to achieve other fiscal goals such as deficit reduction.

Secondly, we think that the first stage as a package is extremely important. It is important for practical reasons because if you do not deal with all elements—adequacy, incentives and what you receive when you are working—you can create a more illogical system than the one we have now. That is the first problem. Secondly, it is extremely important symbolically to demonstrate that we are changing the whole approach of the system. If we just do little bits of stage one, it will look like what we have done for 20 years, which is a piecemeal change here and a piecemeal change there that have added up to a very costly system, but one that overall does not make sense.

So we think the whole package represents the beginning of a fundamental change in direction that is very important, both practically and symbolically, if this program is to achieve what we want it to achieve for those who are on it.

Mrs. Stoner: It is a real privilege for me to be here today as a substitute on this committee to have you presenting your report. It is a report that I admire very, very strongly. It is very well researched. It is very comprehensive. It is dealing finally with a problem that has been ongoing for a long time. I particularly like the Reverend Dr. Clarke MacDonald's comment on safety net versus trampoline. I think that focuses exactly what you are trying to do.

Mr. Pelissero has touched on the stages. Can you elaborate for me about what happens if the federal government, in looking at what we are looking at here in Ontario, does not respond positively? What do we do? How do we deal with that? What do you anticipate? What have you heard from them?

Mr. Thomson: That should be answered, I think, in two parts. For stage one, in general, they have no choice. We have fashioned stage one in a way that has most of it functioning within the parameters of the Canada assistance plan, which means that the provincial expenditure automatically generates the cost-sharing from the federal government. We did that purposely because we wanted at stage one to have changes that did not have to depend upon long-term renegotiation of cost-sharing arrangements with the federal government in order to begin.

So basically for stage one, it does not require federal co-operation, although there will be some areas of debate about cost-sharing, as there always are when new expenditures are made under the Canada assistance plan.

In some areas such as the incentives there will need to be ongoing debate, because the Canada assistance plan was developed at a time when there

was not a real assumption that people were leaving social assistance, so some of the rules of CAP in fact impede transition.

But the federal government has proved to be fairly flexible on that. There is the so-called four-cornered agreement which has taken CAP money and made it available for employment initiative programs which I think signals a willingness on their part to move in that area.

In the longer term though, particularly with the broader income security reforms we have proposed, the federal government must be a player. In fact, we have suggested that separate cost-sharing arrangements would have to be developed in order to implement those. That clearly would require the federal government, and in a couple of cases we think it would require all of the other provincial governments as well. That is why we have accepted that that cannot be stage one. It would be further down the road, and it does depend upon some commitment to income security reform that perhaps has been less evident than one would want it to be in the last few years, at least from our perspective.

I do not know how the federal government is responding to this. The one message we are being told is it is waiting to see how the province is responding, because if the province begins down the road, then there is a clear message from the largest province that there will be social assistance reform and there is a need to start talking about the impact of that, particularly because the province starting down the road automatically takes the federal government part way down that road.

Mrs. Stoner: Thank you. I would like to move from that general, very broad picture to some more detailed information, particularly when you talk about children and the impact of what this report is trying to do for them and the fact that our status in the world on how we have treated our children in the past is not good. Particularly in regard to the day care aspect, have you any idea of what kind of numbers of spaces in implementing the first stages we would need to make that a reality for those mothers?

Mr. Thomson: It is not an easy one to answer, and I will tell you why. First, it involves our prediction of how many people will, in the very short term, respond to the initiatives and move into the workforce who are not now in it. We are quite convinced that a number of people who are now financially dissuaded from moving into the workforce will do so, so that there clearly will be a demand for spaces.

Second, the question becomes what kind of child care arrangements they make, because, as you know, a number of people make child care arrangements that involve other than subsidized day care centres. What we have proposed in the report is that the sole support parent be allowed to deduct the costs of child care if she is paying for it directly somewhere before you start reducing her allowance, because she is not really making money until she has paid for the child care.

If she gets subsidized child care, then of course she does not have a cost there and then you would introduce our so-called tax-back rate in the way it is proposed. It depends on which option she chooses. Even if the number of spaces required is not there, we have introduced a very important initiative by allowing her to deduct her child care expenses as an employment expense before we start reducing her allowance. That will create a very clear incentive.

However, particularly if you are concerned about the nature of the child care arrangement she makes, there is no question that what we are proposing would increase the demand for spaces. We already know that in some parts of the province the programs like the ones we are proposing— There is a program called the employment opportunities program that has been quite successful in parts of this province, but there are places where it is moving more slowly because parents are waiting for subsidized child care spaces.

I could give you an estimate, if I had some time, based upon our guess on the number who will respond to the initiatives, but you would have to understand that it would be our estimate that would be borne out or not borne out over the next year or two.

Mrs. Stoner: Something I think as a government we have to factor into our response is that we have to know what other things will be involved.

The other very specific thing I wanted to deal with was the disabled. I would like your comments, because I have had a concern for a long time about the situation where people with disability incomes are penalized by marrying and they lose their income. Specifically to the disabled community, how do you and how does your report respond to those people?

Mr. Thomson: It partly answers the question, depending upon what one would see as the right answer. Here are the ways that it does: the level of payments is raised under our program, so you do not fall off as quickly. The extent to which income that is available to you, for example, from a spouse takes you off social assistance is not as great as it is under the present system, so that people who are disabled and who marry other low-income persons will be protected in a way they are not now protected. Second, for those who marry who have high drug costs, which is often the problem, we have proposed some specific measures to help them, so that they retain the drug benefit up to a much higher level of income, so that they would be protected.

The one thing we did not do was go to a universal disability benefit that you keep regardless of the income of your spouse. We accepted that when you marry, and therefore there is a legal support obligation created with the person you marry, that person's income should be considered, although it would not take you off or reduce your level of assistance unless that person had income levels which we think would clearly enable that person to support the disabled spouse.

We rejected the suggestion of a kind of universal benefit for the disabled that you keep regardless of the legal obligations owed to you by, for example, a spouse, but we think we have protected the ones most hurt, the ones you read about in the paper who marry someone else with a low income and then are suddenly cut off based upon the low income of the other spouse. They cannot make it together, particularly with the drug costs, and are severely financially hurt. We think we have solved that problem, but we have not gone the whole distance that some people suggested we should.

Mrs. Stoner: I appreciate your answers. I also appreciate the opportunity to meet you, to hear your perspectives on this thing.

I want to put on the record my congratulations to John Sweeney, as the Minister of Community and Social Services, for undertaking the study and for giving it the support he has. I look forward to dealing with it in the future.

Mr. Meagher: If I can comment on one area that has been touched on a

bit here, because the schoolteachers have gone on record as being in support of the report and I want to be fair to them, I am sure that all of you have heard stories in various communities across this province that, because of poverty, children come into schools and have a difficult time remaining awake through the day. The strange thing that I see is that you have a situation nobody is opposed to.

We have what is commonly called compulsory education in Ontario, which is nonsense; we have compulsory school attendance. I do not think any kid half asleep and hungry is going to learn very much. The people at McMaster helped us out on that with what they had to say. If we become concerned about giving those kinds of things to children and to families and put a dollar mark on them, maybe at the same time we are doing that we could look at forcing children to go into a school where, because of other circumstances that they have no control over, they do not learn. I think we had better begin to take a look at what will put those children in a condition so that they can learn. While it may show up as a cost in one area, in the other area I believe that is going to show up as a benefit.

We have a tendency to go after people who are on welfare and isolate them. We can moralize about the poor marvellously. You can commit all kind of sins if you have enough money, I guess, but we always moralize on problems of the poor. That is great. We have a captive audience. We can all cut loose on them. The myths that grow and that you have to deal with are astronomical, and I suspect that you people know that every bit as well as I do.

For example, one recently, and I want to say this, is the cycle of poverty, that generation after generation of women go on welfare just for the purposes of having children and remaining on welfare. The statistic given to me is that 90 per cent of the children on welfare were born before the women went on welfare. To me anyway, that is cause for thought. There are a number of those things that we are going to have to deal with.

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Mr. Chairman: In other words, the question is, do the teachers put implementation of this report ahead of the adjustment of their pension plan or not?

Mr. Meagher: I do not know. I am sure that the teachers will be as willing as any other group in our society to make their sacrifices, maybe ahead of some others.

Mr. Chairman: They are going to be in front of us next week; we can ask them.

Mr. Meagher: Good.

Mr. Ferraro: Thank you to the delegation and Mr. Thomson, whom I have had the pleasure of listening to on previous occasions.

I hope the delegation will bear with me. I do not normally do this and my colleagues have defended the minister and the government to some degree, but I do want to say to my friend Mrs. Cunningham, who is not a regular member of this committee and who is a lady I respect very much, that in her statements today, in my view, she has done a disservice to those in her party who have participated on this committee along with me since its inception almost four years ago, by relegating it in her short time here and in her

comments to a nonsensical forum for political claptrap as opposed to the fine work, in my view, that her associates have done on this committee.

Having said that, my question to the delegation quite frankly—there are a couple—is, Mr. Thomson and gentlemen, can you tell me what would be the ramifications, economically and/or socially, if indeed all four stages were not implemented? In other words, the decision really is not for stage one, because while it is in the scheme of things hundreds of millions of dollars, the overall proposal is in the billions from the standpoint of cost. My question is, what would happen if, God forbid, because of a serious economic downturn or a political change, if you will, in leadership or a change in philosophy, all four stages are not indeed implemented?

Mr. Thomson: Well, our belief is that if you want to fully achieve what we have set out all four stages are required, if you want to produce a fully logical system you need to go all four stages. To give you an example, we have proposed that income supplementation for those going off social assistance through enrichments in what is called Win, the work incentive program that now exists, would be a benefit. But ultimately you have to worry about the people who are living at minimum wage and never come on social assistance.

To make it a fully logical system, by the fourth stage you get to a broader income supplementation program, which is by far the largest cost. I would stress that over all four stages we would take the \$2.3-billion program and add \$800 million to it. The rest of it is support for the working poor. I do not want to minimize those figures; I am simply saying that all four stages are required to fully achieve our objective.

However, we also think that each stage moves us appreciably to that objective. In other words, stage one will in fact start that move, get you some distance and have a real benefit. Stage two, where one gets into a unified system and some real emphasis on this opportunity planning, gets you that much further. We are even so confident of the payoff at each stage that we have said we accept that some measurement of the results of each stage may be wanted as a prelude to moving on to the next stage.

We have accepted that the government will be asking those kinds of questions, whatever government is making this decision, provincially or federally, as it looks at the next stage of what we propose. There will be things learned over the next 10 years that we will wish we had known that might have led us, if we had known them, to make slightly different proposals. So some of the things in stages two, three and four may be altered somewhat.

But we are very confident that stage one alone starts you meaningfully down that road. We ought not to fail to do that simply because we may end up having difficulty with stage four down the road. To say it another way, if we cannot start down the road in a time of some prosperity we will never be able to start, because when the economy is bad we cannot start. If it is good and you cannot start, because one day it may not be good economically to go the next stage, then we never ever start. That is why we think the first stage can be measured on its own as a worthwhile step.

Dr. MacDonald: I would just like to respond to that from another perspective. Mr. Thomson has done it from the point of view of the technicalities of the report. I want to do it from the point of view of the social or psychological impact that this would have on certain segments of our population.

Beginning with the people who came before us at the 23 hearings to which George earlier referred, in round figures, 500 of those were single, sole-support parents—499 women and one man. That figure in effect is also pretty significant, I think.

If the report is adopted in a piecemeal, haphazard fashion, what those people would say is, "We have been had again," because they came before us time after time and they said: "Thank you for the opportunity to come. We have been crying for a long time and nobody has been listening. Now you are prepared to listen." But we were listening on behalf of John Sweeney and the government. I want to join with the commendation of John Sweeney, not only in initiating the report, but in what he has done in follow-up to it. I hope his hand is strengthened by those who can best strengthen it. That is what they would say.

The public would say: "Why do we do studies like this and let them gather dust on the archives of the library shelves at Queen's Park? There is no point in spending this kind of money and then having it gather dust." The people who are now filling the gap, like Stop 103 and the churches, and these people who came before us time after time and said, "Put us out of business; bring in a report that puts us out of business, because we do not want to institutionalize poverty," would say, "Well, here we go again; we have institutionalized poverty."

Some people who have a longer memory than others, because they have been around longer than some others, like myself. I can recall in the 1930s, as a teenaged boy in a Nova Scotia community, when on Saturday night my father would come home from market in the nearby railway town, and somebody would say, "Were there many hoboes around the station tonight?" These hoboes were young people who were looking for work and wanted to work. They were riding the rods back and forth across Canada.

In September 1939, those hoboes became heroes. A country that could not give them food, that could not give them shelter, that could not give them tools and could not give them a job was able to give it to them just like that, because a maniac in Europe had broken loose. Surely, we do not need that sort of thing again to get us into action with regard to the implementation of the kind of things in this report. That is just another perspective of what would happen in the social milieu if the report is not adopted.

Mr. Ferraro: I thank you for your comments. I think they are very well placed.

I have one other question essentially. Obviously, the decision will be made by the provinces, because essentially social assistance is a provincial matter issue, as everyone knows. As you indicated, the federal government I suspect is waiting to some degree for the budget and to some degree to get a reaction from Ontario. I suspect the other provinces are doing the same thing: looking at Ontario.

What I am leading up to is, when you start talking about the money and the leadership aspect of all this—and particularly the money, because this is the standing committee on finance and economic affairs—I note in your summary, when you start talking about federal-provincial fiscal arrangements—and I am not trying to minimize the province's involvement at all, quite the contrary—you indicate, and in answer to Mrs. Stoner's question in particular you indicated that indeed you did not want to have to really shake loose much out of the Canada assistance plan as it presently exists,

because, as you quote here, "There is some risk that the open-ended nature of CAP could be lost if the legislation," being the Canada assistance plan, "were returned to the federal Parliament for amendments."

When I read a little further, if I may quote, you said: "CAP sets cost-sharing limits on the amount of money provinces may allow recipients to earn, which affects the incentive to work." The Ontario government should "negotiate with the federal government to relax the current CAP guidelines.... CAP is not an appropriate instrument to share the costs of an income supplementation program. We recommend that Ontario advocate the implementation of a new fiscal arrangement for this purpose."

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What I am getting at is, is it not inevitable that the Canada assistance plan is going to have to be renegotiated, notwithstanding the fear of sending it back now with the scissors poised sharply in Mr. Wilson's hand?

Mr. Thomson: It think it is a very valid point. It is inevitable, if you look at the broader changes we have proposed, that it would require rethinking CAP in the context of new fiscal arrangements. I do not think the new fiscal arrangements will be looked at without some consideration of what happens to CAP at the same time. We saw that in the child care area, for example, and there is great debate about what that accomplished overall.

The point we wanted to make, though, was that in relation to CAP, and then with our proposals for native persons and aboriginal peoples, the Indian welfare agreement, they provide a number of opportunities and some protections that ought not be lost until we know clearly what is replacing them and that that will achieve the objective we have talked about.

We just wanted to signal that you can come some real distance within the present fiscal arrangements and you should not move out of those until you know that what you have instead replaces them and does not have the unintended effect of ultimately limiting your ability to achieve this. All of that is a long way of saying we freely accept, particularly at stages four and five, that those kinds of reforms are not going to happen without the whole issue of cost-sharing being on the table.

Mr. Chairman: We do have some housekeeping things to deal with, Mr. Haggerty. Did you just want to put a comment on the record?

Mr. Haggerty: Yes. I am just looking at the number of members here this morning. There are eight of us, and you might say there is one missing, if you look at your report, which says that one out of every nine citizens in Ontario is in poverty. That is a pretty high number.

In the discussion this morning I was thinking of Terry Meagher being here. It is great to see you back, Terry. I well recall the different times that you have appeared before the committee when we were in opposition, you might say, delivering the Ontario Federation of Labour annual report to the government of the day and suggesting some of the things that are in this report today. You found that the poverty level should not be as it is in Ontario.

The question is, we have not heard too much about the guaranteed annual income. If one were to accept the recommendations in here, this means that the guaranteed income reports we have seen for a number of years, which have lain

on government bookshelves in buildings of this type here, will disappear. In your final report, did you consider the guaranteed annual income?

Mr. Thomson: Perhaps I could start, and either Terry or Clarke may wish to speak as well.

We have dealt with that in the report and we struggled with it a great deal as a committee. We ultimately reached the conclusion that we can achieve the overall objectives of a guaranteed annual income, but we can do it in a better way.

There are a number of problems with trying to do it through a guaranteed annual income. First of all, it is much more administratively complex to implement than people think. Second, any proposals that are out there for a GAI either tend to be at a low level, so you need social assistance as a top-up, which defeats part of the point, or they are at levels that just do not generate the kind of political will to implement. We worry that making proposals at that level becomes a delay rather than a positive achievement.

Most of all, our concern is that a GAI is too passive. In fact, one of the reasons why you see both strongly left-of-centre and strongly right-of-centre people supporting GAI is that the cheapest thing you can do, in some cases, is just to provide financial support to people. We think the better answer is to take a much less passive view of need. Meet financial need in the way we have suggested, but then invest in the things that help people move off that financial need.

Mr. Haggerty: With regard to the guaranteed annual income, this would be nationwide, would it not? I can see, for example, that we could be getting into a program in Ontario where we are going to see other people flowing into Ontario saying, "They have an excellent welfare program; we're going to go in," and perhaps some people would say "for a free ride."

I mentioned before about the Niagara region. The welfare costs in the Niagara region were up considerably these past two years because of the illegal immigrants who have been allowed to come into the country. I do not have to tell you that; it has taken quite a toll on the community and social services in Ontario. I do not know what share the federal government has taken on this, but I think it has a responsibility. I can see that in opening the door here you could have this.

Mr. Chairman: I will have to cut that off. It is an interesting dialogue but I am not sure we are going to resolve it. We are going to have to continue this discussion. Obviously, when the committee does its deliberations next week it is going to have to put its mind to Transitions and say something. I think it is fair enough to say that.

I appreciate very much your coming, all three of you, and explaining it further today. We are going to be hearing more submissions, as we have today.

I noticed there was an advertisement in the Globe and Mail this morning which suggested the government should be adopting it. We appreciate again, as several members of the committee have pointed out, the thorough work that the committee did. Leaving aside the whole issue of poverty, it is an exemplary example of a committee doing its work and doing its work thoroughly and well.

I think we all very much appreciate the work you did and look forward to working with you in another capacity. Thank you to all three of you.

Mr. Thomson: Thank you to all members of the committee. We have enjoyed this opportunity.

Mr. Chairman: Two documents have just been passed out. One is that Mr. Pelissero requested Ms. Anderson to look at the Macdonald report, and that has to do with Mr. Haggerty's last question, actually, and the issue of what Macdonald had to say on this issue and the guaranteed annual income.

The other matter is the scheduling for next week. There are 10 other groups wanting to appear before us which have not yet been scheduled but which will be scheduled shortly. A couple of groups have dropped out. For that reason, Mr. Decker is going to attempt to reschedule the Ontario Public School Teachers' Federation and the Ontario Contract Observation and Detention Homes Association from Monday morning to Monday afternoon so that the committee will not start until Monday afternoon.

But you have decided to meet at 9:30 a.m. the rest of the week, and I would remind the committee that 9:30 means 9:30 and not 9:45, because we will be asking groups to be here at 9:30.

Then we will have the following week for writing the report, and then have it to the Treasurer tout de suite thereafter. I expect we will be given permission this afternoon by the House to file the report during the break period.

Mr. Kozyra: You mentioned that the following week we would start on the Monday morning. I am just wondering if it is also possible to start in the afternoon.

Mr. Chairman: You should make sure you have Thursday afternoon free because we will want to give Ms. Anderson the weekend, with some direction. But no, we will not start until the afternoon on Monday.

Mr. Ferraro: You have next week's schedule and we are sitting another week. Is it the intention of the committee, or the subcommittee at this juncture, in the short interval we have—two weeks—to try to have a consensus report and/or opposing opinions? Do we want minority opinions—

Mr. Chairman: It is my understanding that the aim is to have a consensus report. I think that was discussed briefly at a subcommittee meeting that Mr. Pelissero chaired last week. I think all three parties indicated that that was what we are aiming at at the moment.

Mr. Ferraro: I may be premature in asking this, but in light of what has happened in the past, is it implied that each of the parties will have its wish list and we will see if there is some consensus among the wish lists for a consensus report, as opposed to—Mr. Morin—Strom and others will remember—when we had enough time, each party, particularly the opposition, would have its list of recommendations and we would deal with them one by one? The point is that we have only two weeks to have the hearings and then come up with a report, and I am just concerned about organization and procedure. Maybe I should not be.

Mr. Chairman: Unless one of the other parties wants to comment or answer Mr. Ferraro, it might be wise for us all to be ready to answer that question on, say, Thursday afternoon, unless there is some feeling at the moment that you want to be expressed.

The committee adjourned at 11:52 a.m.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PREBUDGET CONSULTATION

MONDAY, MARCH 6, 1989



STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

CHAIRMAN: Cooke, David R. (Kitchener L)

VICE-CHAIRMAN: Pelissero, Harry E. (Lincoln L)

Cleary, John C. (Cornwall L)

Ferraro, Rick E. (Guelph L)

Haggerty, Ray (Niagara South L)

Hart, Christine E. (York East L)

Kozyra, Taras B. (Port Arthur L)

Mackenzie, Bob (Hamilton East NDP)

McCague, George R. (Simcoe West PC)

Morin-Strom, Karl E. (Sault Ste. Marie NDP)

Pope, Alan W. (Cochrane South PC)

Substitutions:

Collins, Shirley (Wentworth East L) for Ms. Hart

Cunningham, Dianne E. (London North PC) for Mr. Pope

Jackson, Cameron (Burlington South PC) for Mr. McCague

Clerk: Decker, Todd

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Council of Ontario Universities:

Lee, Dr. Alvin A., President, McMaster University

Connell, Dr. George, President, University of Toronto

Ianni, Dr. Ronald W., President, University of Toronto

From the Union of Ontario Indians:

Miskokomon, R. K. (Joe), President; Grand Council Chief, Anishinabek Nation

Individual Presentation:

Greenland, Dr. Cyril, Professor Emeritus, McMaster University

From the Ontario Contract Observation and Detention Homes Association:

Marks, Tim, President

Adam, Don

From the Ontario Public School Boards' Association:

Wright, Arlene, President

Kidd, Edna, Past President

Lafarga, Ruth, First Executive Vice-President

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Monday, March 6, 1989

The committee met at 1:35 p.m. in committee room 1.

PREBUDGET CONSULTATION
(continued)

Mr. Chairman: Good afternoon. We have with us Dr. George Connell, president of the University of Toronto; Dr. Alvin Lee, president of McMaster University; Dr. Ron Ianni, president of the University of Windsor, and Dr. Ed Monahan, executive director of the Council of Ontario Universities.

We have your brief in front of us, gentlemen, and we are in your hands until two o'clock.

COUNCIL OF ONTARIO UNIVERSITIES

Dr. Lee: I have been asked to take the first part of this brief, that is, pages 1 through the middle of page 5. Just to help you, since you have not seen this yet and since we do not intend to read it through word by word with you, that section which I will speak to deals with four things.

We begin with statements by certain prominent people in this province and country about the importance of universities. I will come back to that in a moment. The second section is reports that we, the universities, collectively have presented to government describing various aspects of our situation. The third section is a reading on public opinion about funding of universities, a Gallup poll, and what the advisory buffer body, the Ontario Council on University Affairs, has been saying to government about us, and then government decisions or government actions.

If I could go back to page 1, we have chosen the title "Blueprint for Mediocrity." The first thing I would say about that is that I think this blueprint is in place and being acted on, contrary to the kinds of statements we see on this first page, including two from the Honourable Mr. Peterson, one in the throne speech in 1987 and one earlier in his time as head of government—the last statement on the first page—both stressing that the economic and technological demands of our society need highly developed, university-trained people and a highly developed workforce that comes from it if we are to be competitive economically.

That same theme is picked up at greater length on that page by the Canadian Manufacturers' Association and by David Vice of Northern Telecom, the main idea being that if Canada is to succeed in the era of global international competition, we need top-notch universities and the products of them. You can read those statements in more detail for yourselves.

Going over the page, we have in recent months tried to look hard and factually at ourselves. One of the things we have come up against for a long time now when we try to persuade the government of Ontario, whether it was the previous Conservative government or the current Liberal government, that we are severely underfunded is that we have thrown back at us that our faculty is overpaid and underworked. So we decided to have an objective external study

done for us by a professional group. The overall result they reached at the end of that study is what you have in the first paragraph here. The report demonstrated that Ontario faculty members are paid over 20 per cent less than professionals in the private sector with equivalent advanced training and experience.

Another report we have done is trying, in the light of the dramatic increases in applicants to universities for admission, to gather whether this is a short-term perturbation or whether it is a longer-term trend. We have satisfied ourselves, and we think the Ministry of Colleges and Universities, that a fundamental change in attitude among Ontarians is taking place about the value of a university education and that the participation rates are going up. Certainly in each year recently they have, quite dramatically.

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The reasons one can speculate, but clearly a lot of people think their employment situation in the world, the general quality of their lives, is going to be a great deal better if they have a university education. More women are going to university now than even a decade ago. More young people from rural Ontario are going to university. Canadians are migrating into Ontario from other parts of Canada because of our buoyant economy. Some students are going through secondary school in a shorter period of time. All these factors combining have shown us a dramatic increase in the participation rate.

The third report here, the Financial Position of Universities in Ontario, 1988, set out recent trends in the funding of Ontario universities in comparison with other publicly funded sectors. Basically what we see there, and we have demonstrated this by graphs and other parts of the report, on a basis of per client served, hospital patients, people involved in municipal government expenditures, school students and inmates in correctional institutions, is that all have had real dollar increases in recent years in public expenditure by the government of Ontario, where the university student has dropped quite precipitously in the real dollars available.

Dr. Connell was pointing out to me a few minutes ago that, compared to where we were in 1977, on a per student, real dollar basis now, we have 83 per cent of what we had then to spend per student. You can push that even further. There has been a shrinkage in real dollars per student in Ontario universities ever since 1970-71. I have more students each year and less to spend on them.

I draw your special attention, if I may, to the last sentence in that long paragraph beginning, "In June of 1988": "Ontario commits significantly less of its resources, as measured by the gross national product, to public expenditure than any other jurisdiction in the country, discrediting any easy assumption that the province cannot afford to pay more."

I find, when I talk to members of my board of governors and to others in the public, a great unwillingness to believe that. We are so apprised of the fact that there are large public debts in this country, that universities apparently are costly and so on, but it is a fact that you and I, as Ontario taxpayers, are taxed less heavily than our opposite numbers across Canada. So we do not readily accept that the government cannot afford to put more money into universities. In fact, we do not accept it.

We also presented to the Treasurer (Mr. R. F. Nixon) and to the minister, late last fall, a comparison of revenues available to United States

universities, both state and private, from all sources, endowments, tuition fees and government grants. To an extent that even we found surprising, we are badly funded compared to the US universities. It is between 40 per cent and 50 per cent less well funded on a per student basis.

Moving on to what we think is a willingness in our society, as measured by a Gallup survey conducted every two years by the Ontario Institute for Studies in Education—I am now at the bottom of page 3—more than 90 per cent of Ontario residents questioned stated that they wished to see increases in university funding that matched or were higher than the rate of inflation.

The Ontario Council on University Affairs—over the page, on page 4—has recognized this need for many years, but it is 12 years now since the government of Ontario accepted the advice of the advisory body about the level of funding needed to carry out the tasks that our universities are given.

What do we have then, in recent months, as the context in which we must try to run these operations in the next year or so? We have a four per cent increase in our base budgets, which is slightly below the rate of inflation—it is well below it in Metro Toronto—and the increase in participation rate currently with us of dramatic size in the last two years.

We find over and over again that the ministry and the cabinet opt for wide accessibility at the expense of quality on a per student basis. We see our classes swelling inordinately. It is now a normal thing in my university, and I am sure we are typical, that even year four honours students in large-enrolment disciplines like biology, chemistry, mathematics and English have 80 or 90 students per class and in years one and two have hundreds. It has become the main pattern.

What that means is that students get far less attention on an individual basis than they did when I was a university student and when probably most of you were. Many assignments are never given in the first place because there is no one to mark them. Years ago my university dropped half of the science labs in years one and two and students in each of the year one or year two science courses have a lab every two weeks where earlier they had a lab every week. It is a major drop in the educational experience of a hands-on science. Many courses that used to assign two or four major essays per student each two-term year now assign one or none because the classes are so large they cannot possibly be marked in any conscientious way.

There is no doubt whatever in my mind, and I think in that of virtually all my colleagues in the universities, that the quality of what is happening to our undergraduate students in particular is going like that. We think that the current emphasis in government, as it translates itself into funding action, is almost perversely pursuing a policy of widening accessibility while what you are giving the students who are already there is dropping off.

I defer to Dr. Connell.

Dr. Connell: The section that begins on page 5, "Life in the Slow Lane," is our attempt to put before you some speculative ideas of the impact of this state of affairs on the future of the province. I think it is important that you appreciate that the consequences of the circumstances that Dr. Lee has described are not perceived immediately. They unfold slowly over time. It is quite a sharp contrast, for example, to the circumstances in the queuing up for surgery that I know many of you would be concerned about, which are undoubtedly serious and compelling in human terms, but if you look at the

circumstances we are describing in terms of their importance for the economic and social wellbeing of this province in the long-term future, we are actually talking about a problem that is far more serious.

Let me just dwell for a moment on our research capabilities. In this respect, the actions of the province and of the federal government appear to be in harmony since the election of the federal government in the first election in 1984. The actual levels of funding of research in universities have been declining in constant dollar terms, just as the support for the infrastructure of research, which depends on the provincial grants, has been declining.

The government is rightly proud of its centres of excellence program, and indeed so are we, but you should bear in mind that those centres of excellence touch only a very small part of the total university research effort, and several of our leading universities are not involved at all in centres of excellence yet have an important role to play in research.

Many of you will be familiar with Paul Kennedy's germinal work, *The Rise and Fall of the Great Powers*, and will realize the great importance that he attaches to the capability for scientific and technical innovation. Canada may not aspire to be a great power but certainly should aspire to be a middle power. In fact, in terms of its scientific and technical creativity, we may find that the decline sets in even before the rise gets well started.

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This section also points to the quality of our graduates; that is, what lies in store for the future of our country if the consequences of the shortcomings in education are made manifest in the quality of preparation of our young men and young women for their future careers, the consequences for our international competitiveness, for national and provincial leadership in government, in the private sector and, indeed, in universities themselves.

In the section beginning on page 6, we point out the very serious constraints under which universities operate, the fact that we have very little flexibility with respect to raising revenue ourselves; that we have been conscientiously committed to cost containment; that we have, wherever possible, been innovative; that we have been active in fund-raising in the private sector.

But we set off against this the actions of the government, which have placed a very special burden on us. I am particularly conscious of the problems surrounding pay equity cited on the top of page 7. My own university has in fact just framed its budget for the 1989-90 year, and we have been forced to commit \$1.3 million in base operating funds for next year to deal with pay equity. We are very conscientious in our compliance with the legislation and are trying to be pace-setters, but we recognize that the \$1.3 million is just a beginning. Over the next five years, that is likely to rise to \$12 million or \$15 million a year or even more, and that will be a continuing base budget commitment, one that we are happy to make but one for which we see no response from the government at this point.

In the section entitled "Facing the Paradox" on page 7, we put to you that a choice is important. The Minister of Colleges and Universities (Mrs. McLeod) has often claimed that it is possible to finance both a highly accessible university system and one of high quality. We do not believe that is possible at present levels of support, and we feel that some constraints

are, of necessity, coming into play. The government strategy for the last two years has emphasized accessibility. It is clear in our minds that quality is suffering.

This issue, we think, must be faced. In university affairs, as in all other domains of activity in the province, you get what you pay for, and we believe we are heading for a target of mediocrity.

Dr. Ianni: Just let me conclude very quickly. We continue to try to place before the public and to forums such as this the best and the most compelling evidence for our case. However, in so doing, we have been faced with a kind of government ambivalence which continually asks us to do more and does not give us the resources to perform the very valuable functions which we are performing for society.

I think the record will show that students, in increasing numbers, are coming to the universities. Corporate and other employers are looking to university graduates to take on the challenges of the future. Our competitors in countries very close to here are engaging increasing resources for the educational enterprise, and certainly, by any comparison, we are found wanting.

I think the mandate that we are trying to fill is one which has been articulated by government, and certainly, given the level of resources we have received, it is impossible for us to do those things unless the government finds the resources, as one alternative, or second, decides there are going to be different definitions of research, accessibility and indeed community service.

All I can do is hope and urge this committee in the strongest possible terms to give its advice to government to assist us at a very crucial point in our development to ensure that the universities receive the funding that is necessary for them to play the role that has been articulated for them and, I think, the role that we have done very well at.

I do not think we can continue to do it with the level of funding we have. Indeed, I know we cannot. The evidence is there. I do not think one can be any clearer than we can, and we will continue to try to place before the public the information and empirical studies which will back up the case. Indeed, if pressed, we will even come up with some options that would be available to us.

I will conclude at that point, but we are prepared to answer any questions you may have.

Mr. Chairman: Thank you very much. Before we entertain questions, you will note on your agenda that there are gaps at 3:30 and 4:30. That is unavoidable. It is also unavoidable that we were unable to get in touch with the presenters at four o'clock and five o'clock to have them moved up. In view of that, would the committee agree to add 10 minutes to each of the hearings? I think that will fill up that time, and I think we are going to need it on this first presentation.

Mr. Mackenzie: It may be a little bit of a difficult question, but I have to preface it by saying this is the second year we have gone through this exercise in this committee. Last year, it was particularly obvious that what we got were what the Treasurer later referred to as the shopping lists. It did not matter who was before the committee, they had their case to make for funding and the necessity of it.

Certainly, as you alluded to yourself, there are some areas in which the public is asking questions. You referred to one, pay equity, and what it is going to cost. Increasingly, there are questions on the environment and health and safety. Certainly, probably at the top of people's list today is the whole health care field and what is needed to maintain adequate coverage for people in this province.

The Treasurer told us very clearly in some of the meetings we had after we issued our first report that anybody could come in with a shopping list. He would appreciate a little more having somebody come in and telling him where he was going to raise the money. Without taking the Treasurer's side on this, and certainly we had a bit of the same discussion on the committee before we started this round of hearings, one of the things we have attempted to do this time around is find out what suggestions are made.

You can say 90 per cent of the people want increased funding for education and universities, and I would not disagree with you, but probably I could get as high a percentage or more in my riding who are concerned about health care and a number of other issues.

When the Ontario Federation of Students representatives were in, they made what I thought was a particularly good and broad presentation in that they raised a number of areas where they thought the priorities should be in money. I know you are stating your case and you have stated it very well in the brief you have given us here today, but I am wondering if you are prepared to go beyond that and make any suggestions to this committee on what we were specifically also asked by the Treasurer to do, and that is to come up with some ways and means whereby he is going to raise some additional money.

I am not doing any shilling for the Treasurer on that. I am putting it as a very legitimate question as to whether or not, in a brief like yours, we have to tackle not only what your needs are—that is fairly obvious and I do not have any difficulty with it—but whether we have any other suggestions made. It may be that if this committee is to have any relevance at all, it is going to have to make broader recommendations in terms of what our priorities are and how we do slice the pie or how we do raise additional funds.

Dr. Lee: Perhaps I could make a partial answer to what is a very good question. We are used to being hard-headed too, and we recognize that choices do have to be made.

The first point I would emphasize, and I touched on it earlier, is that on a per-client-served basis, the university student has done the worst in Ontario for years now. Hospital patients, school students, inmates in prisons—there have been real dollar increases for all of them, but there have been real dollar decreases, quite sharply, for university students. So, it is a poor place for the Treasurer to economize in the context of that.

None the less, there are other things in addition. We would like—and I think I speak for most of the people in the universities—greater freedom in our traditional legal right in our boards of governors to set tuition fees. We are all committed to taking some part of what you would get in increased tuition revenues and putting it back into student assistance for bursaries so that there is not a reduction of accessibility on the basis of money. There is additional revenue out there, probably in 60 per cent of the families that send students to university, which could be tapped in a higher tuition fee, as long as the other 40 per cent who need student assistance get it, and we would

undertake that they did. We feel quite strongly, some of us, that that has to change.

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If the broadly accessible expanding system the government seems to want is not something that it is also willing to pay for in real dollars, I think a fair number of us—I do not speak for everybody in the universities—would see certainly a cap put on accessibility and maybe even some reduction of accessibility, rather than let the whole thing slide into mediocrity.

One fourth point: We think there could be certain tax incentives put in place that would help George, Ron and me when we go to the private sector seeking contributions, so that there is a bigger tax advantage to the donor in contributing to a university. Other provinces in Canada have done that kind of thing and we think there is real scope to help us help ourselves.

Dr. Connell: Very briefly, I can give you a few numbers. The University of Toronto received just over \$300 million in the current year in its basic operating grant. We receive from research agencies unrelated to the provincial government about \$120 million a year. We are, like all universities, assiduously pursuing an increase in that contribution. Our annual charitable receipts have reached the level of \$20 million a year. We are currently in the midst of a capital campaign in which we are seeking \$100 million entirely from private sources. So those are three examples of ways in which we are seeking funding from other sources.

Mr. Chairman: A similar American university would have a very different ratio, would it not?

Dr. Connell: American universities which are state-supported are more or less in our ballpark. The private universities gain a far higher income from private donations than we do.

Mr. Mackenzie: One further comment: Just from your comments, right off the bat you would be, for example, at odds with the university student groups who list tuition fees as one of their number of concerns. Unless we are looking at some kind of a means setup, you have automatically got at least one group that is not happy with that as one of your fund-raising sources. Quite frankly, I would have a little difficulty with it myself. I do not think they raised the cap with us in their particular brief, or at least not in any great detail.

What I am wondering as well, because it is part of what this committee has got to deal with in terms of any recommendations it makes, is, beyond those more internal procedures—a cap, some assistance in terms of private fund-raising and the increased tuition fees—have you got any recommendations as a group to make to a committee like this in terms of alternatives or changes in the tax structure so that we might have a little more flexibility or a little more money even in terms of some of the real needs?

I know that is not what you came prepared with. The reason that I raised it right off the bat is that I was rather surprised at the presentation made by the students' group.

Dr. Lee: Before we leave the fee things: If tuition fees in Ontario universities had kept pace with inflation since 1967-68, they would be \$600 higher right now than they are. So they have not even kept pace with

inflation. When students understandably say our fees are going up and up, you would have to look and see. They have not gone up in real terms.

Mr. Chairman: I doubt very much if the students would be in favour of a cap on accessibility.

Dr. Ianni: Mr. Chairman, just to get back to Mr. Mackenzie's question, I guess there are a number of options. One tries to be a realist and certainly, in terms of tuition increase, I think Alvin has pointed to the fact that one looks for a modest increase to represent a percentage of costs that is even consistent with former times. As you go to 16 to 18 per cent, one can speculate that could go upwards a bit and have the students contribute a little more of the actual cost, but, at the same time, having the universities look at ways in which they can use some of the increased revenues in order to offset student aid, in order to ensure that qualified students are not denied accessibility to the system.

Then finally, if it is a true partnership, and I think there are a number of models of this kind of thing, if the universities are prepared to forgo a little bit of the income in order to increase accessibility and the students are prepared to pay a little more, I think we will have a greater call on the corporations to come forward. Once again, I think what you are looking at is a realistic three- or five-year horizon, where we talk about capital cost, we talk about operating cost, which can really put us in perspective.

Not to get side-tracked with anecdotes, but being very close to the Michigan scene, I know that the Detroit Economic Club and corporate leaders in Michigan have now gone to the Governor of the state of Michigan, to ask that the base funding for universities in Michigan, for the next five years, be at the rate of inflation plus 3.5 per cent, and that is a five-year commitment, in order to bring up what they consider to be a lack of funding and the deterioration of a system over a long period of time. If you take a comparative analysis of where we stand in comparison to the American system, particularly Michigan, you will find we are dragging the field a bit.

So there are a number of things that can be done and I think it is going to take—and certainly the students are going to have some objection—but I think one can take an innovative stance whereby we all look at the problem and are prepared to contribute somewhat to the increase in revenue, which I think are sine qua non. I do not think you can improve the system without some increase in funding.

Mr. Mackenzie: The one thing I was wondering, if you were going to come up with—

Mr. Chairman: Mr. Mackenzie, unless it is a very quick question, I have several on the list.

Mr. Mackenzie: It is a finalization.

Apart from the issues that you have raised once again, which are the capping, where the tuition stands and so on—I do not know what the political scene is with the university students these days. Certainly, electoral results do not show them as necessarily being all New Democrats by any means, in this country. But one of the things that surprised me was there were suggestions for an excess-profits tax, a spec tax, a minimum corporate tax and a number of other recommendations that are certainly well known, whether supported by a

number or a few people, but certainly issues that are on the agenda these days when we take a look at the coming budget and what might be in it, here in Ontario alone. These kinds of suggestions were in their brief, as well as an appeal for assistance to universities, much the same as yours in many ways. I am just wondering whether that is an area you consider too political or just—it is totally not in your brief.

Mr. Chairman: Mr. Pelissero and Mr. Ferraro have waived to Mr. Jackson, because the government members are so kind.

Mr. Pelissero: We are going until a quarter after, right?

Mr. Chairman: Until 10 after.

Mr. Ferraro: Anyway, if Mr. Jackson wants to go first—

Mr. Jackson: Thank you, gentlemen and Mr. Chairman. My question is going to be similar to Mr. Mackenzie's. I appreciate the forthrightness with which you have articulated your response to the question of revenue, but I would like to ask Dr. Ianni, with respect to his challenge, to look at innovative approaches. Have you considered, for example, looking at a student's capacity to pay for the total costs of post-secondary education?

The reason I ask that is that there are certain universal aspects to costs associated with university students, and then there are those that are market driven. I am having increasing difficulty with the fact that there is a growing distinction among students between those whose cost of living within a university campus is radically different from those who have to sustain themselves off campus and pay tuition. When you lump the whole package together, there is a greater variance for university students.

I will give you an example. Is it fair for tuition fees to go up only two per cent when students' rent has gone up 22 per cent? What kind of a statement do we make? How have we ordered our priorities, when a student's access to education is really being impeded not by the two per cent tuition increase but the 22 per cent cost of keeping a roof over their heads and putting meals on the table so that they can attend university?

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To put this in the form of a question and not to make it a commercial message, I have concerns about the structure of rent control and its impact on university students. I speak at most of the campuses on the subject. I believe in shelter subsidies because students are a needs group in transition and they are unique.

My question to you is: Have you assigned yourselves, like most groups, the notion that rent control is a permanent feature or are you looking within it as one possible option to ask a university student, "If we can reduce your total overall expenses by 20 per cent, would you accept a five per cent tuition fee?" That reduces the cost of a university education but puts more moneys directly in the hands of, say, the university as opposed to those other expenses.

That is just one example and time prevents me from citing the three other ones that I have. I would like to get some sense from you on the angle that I am pursuing because I think you challenged us to examine it from that perspective.

Dr. Ianni: First of all, let me say that I guess it depends on the complication of the system you want to put in place. We could have differential fees for Canadian students based on their income levels and we have chosen not to do that. But it seems to me what you can do is ensure that you have an adequate system of student aid to assist those people who do not have the means to cover their costs, whether it be tuition or other costs.

It seems to me that all of this is premised upon—certainly I think the students will appreciate that the universities' position generally has been that we have been encouraged by the 7.5 per cent increase at this particular point because we have been pressing for some time for income from whatever source in order to help us in our dilemma.

But on the other hand, I do not think we limit ourselves to any kind of model, although I think that by and large, experience has taught us that an elaborate system of means tests or those kinds of subsidies are very costly to administer and that one might be better off looking at ensuring that you have a level of general student loans and student grants in order to ensure that those people who need it can get to university. Once again, I think as you talk about 16 to 18 per cent of the cost of education, it can go up without a great burden, by and large, to the average student, although one is going to have to be careful for those on the lower end of the scale.

I will defer to my colleague for a supplementary.

Dr. Lee: Are you suggesting that the rent paid by a student for off-campus housing perhaps, or even on-campus housing, might be tax-deductible? Is that part of what you are saying?

Mr. Jackson: The basic shelter subsidy program, which Stuart Thom discussed and other provinces have in place, but which we do not in this province, basically reduces the rent paid to a level which is "affordable." Therefore, there is more disposable income because it is limited in nature to pay for tuition, to pay for sundry costs and the additional two per cent ancillary fees that are charged. That is how a shelter subsidy program works because the more students I talk to, the more I get a sense that tuition is just one component part of a major capital outlay, which it was for me when I was attending your institution. It was just more affordable.

Mr. Ferraro: Gentlemen, thank you for your presentation. I am sorry I was late but I glanced through it quickly. I would like to pursue Mr. Mackenzie's question but I will not, time not permitting. Instead, I will switch the venue a little bit and ask you this question that has been discussed among acquaintances of mine, and indeed has been in the back of my mind for many years.

You indicate, rightly, in your submission that 80 per cent of your operating budget right now essentially comes from provincial grants. Let me set the table a little bit and ask for a response. I am fully aware that there is not enough money. There never is, as you gentlemen know better than I, perhaps. When you have a scenario where the taxpayers of Ontario are funding 80 per cent of the universities' operating budgets at present, you have a situation—and again, correct me if I am wrong—where many universities and colleges are recipients of bequeaths and/or estates and have sizeable holdings.

My understanding is that essentially universities—for example, I will use my own, the University of Guelph, which may be the exception, but I am sure there are other similar universities—would get lots of bequests, lots of

land holdings, lots of estates that not only increase the assets of the university but may indeed cost some money out of general revenues for the administration of these bequests.

My question is twofold. Do you think the taxpayers of Ontario have a right to know specifically what is bequeathed to an institution that is substantially, if not 80 per cent, funded by the taxpayers, thereby setting the table for us to say: "Well, you poor guys may own 100,000, 10,000 or 5,000 acres of land, but you are not telling us about it and you are not utilizing it to get a return, or are you using it for research?" Second, do you think the taxpayers of Ontario have a right to know?

Dr. Lee: It is my understanding that, in the publicly audited financial statements of each university each year, that reporting is done and publicly available, certainly from my university. Any private trust, endowment or realty that we would have is publicly acknowledged in our annual statements. If you are proceeding from—

Mr. Ferraro: I was unaware of that. I stand corrected. I was speaking to the minister and I was told that it is indicated in an audit, but is not made public.

Dr. Lee: The audit is publicly available. How many people in the public ever go and look at it is another question. If you are moving from the recognition that such private moneys and properties exist in some of the universities to saying that should be a way of reducing the public grant, you have to be careful. Mr. Nixon has tried this one on me and a couple of my board people. I say that if you start reducing McMaster's grant because I can get \$5 million from such-and-such a thing, we will not get that \$5 million, because donors, if they realize that what they give will be subtracted from the public grant, will lose interest pretty fast. So I hope you do not—

Mr. Ferraro: No, I understand that. All I am trying to say is I understand universities have become much more innovative with their assets. Again, I will use my own university. They are selling some lands off, leasing some lands off for commercial utilities and so forth. Quite frankly, it is just my impression that other universities could perhaps be more innovative without detracting from the provincial share, albeit it is not as much as COU would like, just as a matter of making the best out of that.

For example, I have got a bee in my bonnet. The University of Guelph owns 65 per cent of a golf club. Their share is conservatively valued at about \$7 million. I think it is silly for a university in Ontario to be in the golf club business.

Dr. Lee: Unless they are making a good profit out of it.

Mr. Ferraro: No, not enough, in my view. In fact, they have been operating at a loss for the last couple of years, I think.

Mr. Chairman: Are you a member of that club, Mr. Ferraro?

Mr. Ferraro: No, I am not. I cannot afford to be a member of that club.

Mr. Chairman: I am going to have to cut this off, but your submission, gentlemen, has cut to the heart of the whole concept of a world-class society and what we are going to be dealing with, if that is the

aim of this province. I appreciate very much your coming here. We have listened with great care, as I am sure you are aware, and we are obviously going to have to give it careful consideration. Thank you very much for all of you taking your time to come as witnesses.

Mr. Ferraro: Before you introduce the next group, could I ask you to use your offices to get the researcher to ask the Ministry of Colleges and Universities if it does have a list of assets that is for public examination?

Mr. Chairman: All right, and you want them available for the committee?

Mr. Ferraro: Please.

Mr. Chairman: All right. I was also going to get, if we could, a copy of the document Financial Position of Universities in Ontario, 1988, particularly because of the submission there that we submit less of our resources to the public than any other province. I would be interested in seeing the documentation to back that up.

Chief Miskokomon, welcome to the committee. We have just now received your submission, which is in front of us. We have until about 2:55 to deal with your submission. The floor is yours. Hopefully, you will leave some time for questions.

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UNION OF ONTARIO INDIANS

Chief Miskokomon: The Anishinabek Nation, represented by the Union of Ontario Indians, is a confederacy of 44 first nations whose homelands in Ontario stretch from the Hudson Bay watershed to the American borders and from Windsor to the Ottawa Valley. Our people number some 25,000 and are members of the Chippewa, Ojibway, Odawa, Delaware, Pottawatomi and Algonquin nations.

In 1980, prior to the Constitutional Act of 1982 and long before first ministers' conferences, our chiefs and elders in assembly stated: "We are a distinct people. We have a distinct territory, and our own lands. We have our own laws, languages and forms of government. We survive as nations today."

On behalf of the Anishinabek Nation, I would like to express our appreciation for the opportunity to appear before the standing committee on finance and economic affairs. We feel the idea of public prebudget consultation is excellent.

Our presentation will address several specific issues with regard to provincial/first-nation relations and a number of program-specific recommendations we feel will better improve provincial/first-nation relations. The background and rationale for our recommendations are found in appendices I-III.

Over the past 40 years Ontario has made many attempts, through legislation, policies and programs, to address Indian issues in Ontario. In general, these initiatives include the following.

In the 1950s, Ontario began to assess its responsibilities with respect to status Indians. Ontario accepted the principle that the provinces should extend services to status Indians which are cost-shared with the federal

government under general cost-sharing agreements. A select committee of the Legislature recommended that the province assist status Indians wherever it could within its constitutional responsibilities and Ontario amended its legislation to treat bands as municipalities for program purposes.

In the 1960s, Ontario endorsed the federal policy of extending provincial services in order that needs in Indian communities could be met on the same basis as for other Canadians. Ontario entered into sectoral agreements, extended health insurance programs and actively considered its role in relation to the implementation of the recommendations of the federal white paper of 1969.

In the 1970s, given the negative reaction to the white paper, Ontario began to reorient its whole approach to Indian affairs, including refusal to negotiate any further transfer of responsibility for service delivery from the federal government, entering into consultations with status Indians on programs and services, holding the federal government financially responsible for all services to status Indians, agreeing to enter into tripartite discussions to resolve matters of concern to status Indians and considering the claims of Metis and nonstatus Indians to special status.

Finally, in the 1980s Ontario began considering the nature of arrangements that might emerge from policies of coexistence. They supported the inclusion of aboriginal rights in the constitution and constitutional discussions on aboriginal rights. They adopted corporate native affairs policy supporting nondiscriminatory extension of services appropriate to aboriginal cultures, emphasis upon support for self-determination and self-reliance in service provision and willingness to negotiate self-government agreements. They proposed constitutional amendment on aboriginal self-government and the restarting of the constitutional process.

Today, we live in an era of increased self-government, land claims and jurisdictional negotiations. As of this date, although Ontario has recognized the need for policies to address the aforementioned issues, no policy has been adopted by the government. While Ontario is attempting to complete its 40th year of Indian-specific policy development, it continues, through other legislation, policies and programs, to encroach on and extinguish aboriginal and treaty rights.

The government of Ontario, in 1987, established a policy whereby crown land, all land administered by the Ministry of Natural Resources, will be promoted for the use of economic development. Entrepreneurs will be encouraged to utilize crown land and water for long-term projects. Activities to be stressed will be cottaging, peat, hydro-electric projects and agriculture. The policy will affect 87 per cent of the land across Ontario and 95 per cent of the land in northern Ontario.

One of the objectives of crown land as a development tool is to optimize the economic benefits resulting from the use of crown land. This will be accomplished through disposing of crown land by sale or lease. The effect of this policy will be to have crown land progressively occupied and thereby alienated from first-nation use. This will result in the extinguishment of treaty and aboriginal rights on crown land piece by piece.

The development of crown lands in the area where first nations predominate would have serious consequences for the development of these communities. The use of crown lands not in concert with the needs of the first nation will increase reliance on social assistance programs. Cottaging and

resource development will affect the movement of big game and increase the accessibility to those natural resources to tourists. First nation citizens who utilize these resources for basic food consumption and the byproducts for crafts will be negatively affected.

The many land use concepts mentioned in CLADT do not recognize the use that occurs now and requires the use of large tracts of land to sustain traditional lifestyles. As well as a direct impact of cottage development on the wildlife, the resulting disruption of the infrastructure required and the pollution associated with the influx of tourists into natural areas will result in increased costs to the provincial government through damage suits and land claims. The negative impact on aboriginal and treaty rights may result in long-term court action, and remedial compensation settlements to first nations by the Ontario government will be expensive and embarrassing.

Disputes have arisen in Ontario between aboriginal and nonaboriginal people regarding the rights of aboriginal people in respect to the land and natural resources in the province. These disputes have, in some instances, gone beyond negotiations and taken the characteristics of litigation, civil disobedience, occupation and pressure tactics in the provincial, national and international sense.

The Union of Ontario Indians recommends that CLADT cease until a full assessment on the lives of the first nation citizens has been done. The union recommends that any resource development include the needs and aspirations of aboriginal people.

Progress does not always mean development. We are seeing more and more that the use of our land and the support of aboriginal people must include environmental and moral considerations for the long-term benefit of all citizens.

Many first nations within the Anishinabek Nation have been faced with very serious long-term pollution situations caused by industrial development near first nation boundaries: for example, pulp and paper waste piled in rivers through the first nations; mercury pollution and polychlorinated biphenyls in rivers through first nations; an abandoned acid factory at Serpent River First Nation; the destruction of fish spawning beds near first nations, and the sulphur dioxide pollution of Inco in Whitefish Lake First Nation.

The environmental crisis situations have shocked first nations into demanding joint management agreements with the province in order to protect crown lands and subsequent development in a large buffer zone around the first nations.

We recommend that:

1. All Ministry of Natural Resources forest industry timber management planning activities and agreements cease until the Ontario Environmental Assessment Board has published its decision on class assessment of the timber management in Ontario. All of these 24 presently planned activities affect first nations and any decision by the OEA board will not be retroactive, affecting such present agreements.

2. No MNR permit for cottage lot development on crown land within treaty areas of the Anishinabek should go forward without a joint Anishinabek-MOE

environment, cultural and economic impact assessment on affected first nations communities.

3. First nations within the Anishinabek Nation around the Great Lakes should be given the first right of refusal on all new or reallocated commercial fishing licences, moose hunting tags to American tourists and licensed trapping areas. At present, the Union of Ontario Indians or first nations are not being formally informed of any such opportunities and priority is not given to the first nations receiving such licences.

4. Exclusive first nations management for fish sanctuaries and spawning grounds at mouths of rivers, which would be a mechanism to enhance fish conservation and provide incentives for first nations to establish fish hatcheries.

5. First nations require fish and wildlife management officers funding resources to police non-Indians on the first nation and surrounding territories, improve habitat, establish fish hatcheries and manage the Indian hunt.

The Ontario native economic support program, or ONESP, is delivered by the native community branch. The amount of funds in the budget was \$5 million in 1985-86; \$3.5 million in 1986-87, and \$4.9 million in 1987-88.

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The provincial government is reorganizing this program and is not consulting with first nations in delivery. The difficulty to access these funds has increased because of the criteria placed on the program. There are two areas that are identified for the ONESP funds. One is the building of community facilities and the second is the establishment of incubator malls. These are malls that would provide space for a minimum of four entrepreneurs. Many of our communities have small populations and, as such, find it difficult, if not impossible, to get four entrepreneurs at one time.

The provincial government, through the native community branch, has the responsibility for the northern small business program, which will allocate \$8.2 million over three years, ending March 1991. The program addresses the needs of small business in first nations, which is the mainstream of our economy.

However, the program is limited to the northern part of Ontario, where there is also a parallel need for promotion and Indian small business in first nations should be assisted with additional funds to this program. The funding should be proportionate to the community members, needs and unemployment levels.

The dependence of the first nations on the federal government creates uncertainty in programs at this time. For instance, the native economic development program will end on March 31, 1989, and no program has been announced to replace it. This means that southern first nations will lose a valuable program and interest in economic development. The result will be increased dependency upon social assistance programs and the continuation of our welfare cycle.

The provincial government must establish a commitment to native economic development that is independent from the federal government and which will address our needs province-wide.

One process which the government of Ontario is committed to in defining the question of jurisdiction is the tripartite process through the Indian Commission of Ontario. This process is hampered by the near absence of provincial positions on issues and the underfunding of the tripartite process by the province. In order for the province to meet its responsibility as an equal partner in the process, a commitment for an additional \$352,000 is necessary.

As of March 31, 1988, 102,000 status Indians in Ontario represented 1.13 per cent of the total population of some nine million. The total provincial expenditure on native programs for which there was no reimbursement by the federal government amounted to some \$7.8 million. On the basis of population, these expenditures would have been in the order of some \$39 million.

The programs involved in the \$8-million expenditure made by the province lapsed in excess of \$2.4 million, which represents 20 per cent of the total budget for native programs. Of the \$7 million-plus, some \$1.8 million was spent in native welfare delivery, based on a cost-sharing agreement with the federal government. This is a mandatory program, so the lapsed dollars had no implication. Another \$4 million was expended by the special constables program, which is a static program in terms of major fluctuations of expenditure on a yearly basis.

This leaves \$1.9 million spent by the Office responsible for Native Affairs. The lapse of \$2.4 million was specific in this program and represents 54 per cent of the appropriation for the fiscal year ending March 31, 1988.

Mr. Ferraro: Excuse me. By "lapsed," do you mean it was not spent?

Chief Miskokomon: Correct.

Mr. Ferraro: Thank you.

Chief Miskokomon: If the first nations in Ontario are to enter into working agreements with Ontario for the delivery of service and the development of an economic base in these communities, funds have to be made available by Ontario. If Ontario is assuming authority over its native people, the responsibility for supporting the native people must also be assumed by Ontario.

The financial needs at this point are clouded by the lack of specific information on provincial program costs. Without the specifics, first nations will be unwilling to enter into substantive negotiations with Ontario. The request at this time is for Ontario to make available to first nations what information is required for the purposes of identifying proper cost-accounting aspects of program delivery.

The issue of provincial jurisdiction is perhaps the major issue facing first nations today. In order to adequately address this issue, we feel that the province must dedicate resources to new and innovative forums.

In order to facilitate this process, we urge the Ontario native affairs directorate to be mandated and resourced to co-ordinate new forums.

These forums can include:

1. a constitutional table, to establish treaty and aboriginal rights in light of the Constitution of Canada and their effects on provincial authority;

2. a public education forum designed to increase the knowledge of Ontario residents about treaty and aboriginal rights and Ontario's position in regard to these;

3. resource material—information both written and audio-visual—designed to enhance the general public's knowledge of the first people of Ontario and their history;

4. provincial/first-nation/business conferences; the province should co-ordinate conferences designed to educate and create better relationships between first nations and major Ontario businesses.

The development of provincial policy on first-nation-specific issues must become part of the co-ordinated provincial agenda and not on an ad hoc basis. This development must include consultation with first nations. Equally as important, the spirit, intent and political will that goes into the adoption of policies must somehow be transmitted to the bureaucratic level.

While we feel the question of jurisdiction may take some time to resolve, some progress can be made immediately. We feel that an adequately resourced, two-track approach would allow the broad question of jurisdiction to be addressed on one level, while site-specific projects would address jurisdiction in an aggregate sense. This process would again require the commitment of the province in terms of financial resources, program experts and negotiators.

The province has assumed authority in many areas that affect first-nation people on a day-to-day basis. While we do not subscribe to the concept of provincial authority over first nations and while the issues are resolved, either bilaterally with the province or trilaterally including the federal government, we feel that the province's assumption of authority carries with it responsibility. This responsibility includes ensuring that services are provided to first nations that are commensurate with services provided to residents in other parts of Ontario.

The following are specific recommendations regarding provincial policy and programs. Again, the rationale for these recommendations can be found in the appendices.

On social services:

Transitions report:

1. Transitions shows us why social service has to change and how to begin making those vital changes. We strongly urge this committee to give its full support to funding stage one: The first year of reform.

2. Funding and other support should be provided for the co-ordination of social services with other social programs in native communities.

3. The expanded role of native welfare administrators should be recognized and they should receive the necessary training to prepare them to fulfil their role.

4. Self-employment should no longer render someone automatically ineligible for assistance. For instance, Indian people in traditional pursuits such as hunting, trapping and fishing may not make an adequate annual income and therefore require some support.

5. First nations have indicated the need for a comprehensive, holistic view of social services. This consultation, which we see as a step towards native control of social services, will require financial resourcing. The consultation will require effective social planning and development which enable the community to participate in open discussion regarding needs, priorities, alternative solutions and appropriate models for social service delivery.

We turn to our recommendations on health:

1. In view of any further Ontario provincial Indian health draft policy, the question of control and designing of health services at the community level of first nations government, and the flow of financial resources to that jurisdiction, must be addressed. Cost savings by home care programs on reserves, in relation to the high cost of institutionalizing services off reserves, should be recognized as a rationale for such financial resources made available to first nations.

2. Such resources should provide for first-nation development of the programs, administration and accountability, training of community members and contracting directly with the Victorian Order of Nurses or the Red Cross for home service.

3. Provincial government policy should facilitate a first nation's upgrading a seniors' domicile to a certified nursing home where a needs assessment warrants the situation.

4. Records of service should be kept of home care, evaluation of health status of patients and program costs and that data should be compared to the cost of hospitals, doctors or institutional facilities off-reserve, if the patient did not have home care available.

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5. First nations should be encouraged to build into such programs culturally specific parameters to facilitate appropriate patient recovery rates.

6. A special task force of provincial officials, private health care agencies and Anishinabek Health Commission officials should be funded to provide an overall plan for Indian health aspects of the provincial system.

On education:

The general feeling of the public and the government agencies seems to be that any issue relating to status natives is the federal government's responsibility. The assumption is that anything pertaining to natives is the problem of the Department of Indian Affairs and Northern Development.

The jurisdiction for education lies with the provincial government, and therefore the jurisdiction that the federal government has for status Indians couples the two governments together. Some type of arrangement must be achieved if the natives who are caught in the middle of the jurisdictional battle are not to suffer.

The Union of Ontario Indians has tabled a first nation education self-governance paper to be used as a proposal for tripartite negotiations. It

outlines 12 options from which the chiefs may choose those that best suit their first nation situations. The models range from federal schools and provincial schools to band-run schools and a combination of all three.

First nations maintain that the province should contribute to native education on and off reserve. The province receives equalization payments from the federal government based upon calculations that include the Indian population in the province. Where the federal government indirectly compensates the province, Indians receive little benefit, despite a proportion of the payments being directly attributed to native family incomes.

Many options proposed in the Anishinabek document include changes to existing laws and legislation. These changes to legislation should identify and make explicit mandates, jurisdictions and relationships and support the concept of varying levels of first nation participation and control. Changes should be made to provincial laws that will give protection to first nation rights and protection or recognition of the aboriginal languages.

Further required revisions would involve structuring federal equalization payments to the province in the form of conditional education grants for native language infrastructure. The Legislature would have to pass laws authorizing the creation of native school boards. Cabinet as a whole would make regulations authorizing the creation of a native minority of education bureaucracy.

Further provisions in the provincial law would allow for a proportionate and equitable participation by native parents and communities in the school system. Representation must not be based on municipal tax tolls so that on-reserve natives who are neither within the boundaries of the municipalities nor taxable can vote and run for office.

If these legislative changes are to take place, it is assumed that funding levels of first nation education must be increased to meet the special costs of first nation education. Some of these changes will necessitate funding above the levels identified through any existing formula.

There is a need to emphasize and expand native-as-a-second-language initiatives and to upgrade and develop instructional materials—primary and supplementary—and reference materials.

An analysis of the existing materials has revealed a dearth of suitable course materials, computer programs and other teaching aids required in native-language instruction. "Authorities cannot expect teachers to operate with virtually no curriculum materials to persuade children, who often have other difficulties, to save their endangered language from extinction." This is from a report done by Burnaby, 1982, page 38.

There is a strong need for curriculum materials that have been tested to offer assistance to teachers in their translation to practice. The provincial native-as-a-second-language guidelines currently consist of organizing strands and themes but lack specificity for translation to practise. But "the planning of detailed courses of study, congruent with the (NSL) guideline, is a local responsibility for school boards and their teachers." This is from the Ministry of Education NSL regulations, 1986. A barrier to effective native language is the situation in which no real infrastructure exists within the Department of Indian Affairs and Northern Development or at the ministry level for the production of detailed teaching units or learning materials.

To date, there has been a total lack of support by the provincial and federal ministries to fund native-language development. The success or failure of the native-language initiative will be directly correlated to the success or failure of developing appropriate resources and approaches for use at the school level.

Some minority financial commitment exists, as the DIAND supports curriculum development for native languages in shared costs with the Ministry of Education and provides regional language consultants in the province. Further, the Ontario regional office has been investing in a university-based English-as-a-second-language curriculum project by B. Burnaby of the Ontario Institute for Studies in Education. But to date, neither the province nor DIAND has supported substantive native-language curriculum development, with the exception of inadequate language-education dollars in the schools' annual budgets.

To date, both levels of government have ignored the need to adequately support NSL initiatives. The involvement of the Department of Indian Affairs and Northern Development in education has been primarily financial. They have not been actively involved in curriculum or resource development, and they use provincial resources as much as possible.

The content of the curriculum must be made suitable to the learning styles of children. It must be relevant to their immediate experience and to themselves as native people.

The curriculum department described in part 1 would have to research and review existing print and media material, such as scholarly accounts by historians; missionary and government records; books, periodicals and journals; etc.

On curriculum:

The first nations would like to have a curriculum centre. This would have to have activities that include curriculum materials, curriculum development, an implementation branch, an evaluation branch, a teaching certificate branch, a special services branch and a distance education branch. None of these branches is presently in place, and the money would have to come from the provincial and federal governments. Most of these proposed branches are already in existence in some form or another. This proposal is only fair if the native ministry of education is going to take form and be equivalent to what is already in existence.

Funding for models could come from the province issuing general legislative grants to first nation school boards. To create appropriate legal entities, it could be possible for first nation institutions to be incorporated as municipalities. From a cost-effective viewpoint, an increased co-operation of local provincial systems could lead to increased quality of education experience.

In order to realize some of the proposals for different types of models, the province is going to have to realize its responsibility and contribute its portion of the funding.

First nations have been involved in negotiations with successive governments for over 300 years. We are hopeful that the development of provincial policies on several Indian-specific issues bodes for a new, open era of negotiations that will define provincial and first nation relations in a positive and mutually acceptable fashion.

We live in an era of worldwide recognition of human rights, aboriginal rights and social justice. We encourage the provincial government to commit the political will and the financial resources to ensure that first nations in Ontario are not deprived of our basic rights.

Mr. Chairman: Thank you very much. Mr. Jackson has a question.

Mr. Jackson: I will be very brief, because I know Joe's excellent brief went at length. This is the third occasion that I have heard a brief from you. I appreciate that you could not deal in as much detail as you would like in education, but I have a question that has to do with shifting priorities. As Mr. Mackenzie very appropriately phrased the question, sometimes when we are asked to put something on the table to fund, we should be looking at other sources of revenue or at taking something off the table.

My question to you has to do with native as a second language. You have sensitized other committees of this Legislature to the fact that there are at least three native languages that are in jeopardy of disappearing off the face of the earth. They are as important a part of our heritage as any other aspect of our first Canadians, and yet our government is considering putting a massive amount of dollars into heritage language—third language—for offshore immigrants who are now settling in this province.

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My question to you is: Have you had any focused input on getting your agenda more on a priority basis versus what seems to be the multicultural agenda? Coupled with that, the limited commitment has also placed native children in the most vulnerable of all positions for all dropouts in Ontario.

It is so bad a statistic that it is frightening. I think you might even share with this committee those two points about the risk of the loss of several languages off the face of the earth that are native to Ontario, and second, the incredibly high dropout rate and the need for us to have a very aggressive native teacher-training program in order to teach children. Somehow this priority has been lost to, say, the multicultural priority, which I cannot justify. I have taken a position to put your agenda ahead of the others and I am hoping that others would consider that.

Can you talk to us a bit about that? It puts in dollar terms more specifics on the need to address these programs with real dollars.

Chief Miskokomon: Essentially, the native-language program has been funded through the Department of Indian Affairs and Northern Development or through the Secretary of State. A report was tabled by the Secretary of State, I believe in 1986, that identified a number of native languages that were in danger of being lost. Several of those are within Ontario's borders.

From that time, however, we all know the fiscal restraint policy of the federal government. No dollars have been made available yet to preserve that language ability and certainly not to enhance any of it.

We face a critical situation not only in Ontario but also nationally: Native language is being used less and less within our home communities because of a number of influences, such as the media, that are in our community. But important to that, however, is that there are a number of regulations and laws through the Ontario Education Act that are in place that do not make room for native language.

Where in Ontario can any one of our Indian people go to receive a BA in the Ojibway language for teaching? It is impossible. Yet without certification, we cannot teach in our schools. We face a situation where native language is under-resourced to a large extent, with French to a large extent being placed as a priority in Ontario. The French language is even being spoken over and above the aboriginal language.

I think that leads to one of the things we are suggesting: that there has to be a reordering and a changing of policy in Ontario. It seems to me there is an Education Act that has jurisdiction within a constitutional realm for education through the province, yet there is a competing federal act called the Indian Act that has a number of sections that are dedicated to education also, except it does not go far enough. It does not lay out specifics in education. It lays out a very broad kind of a framework but nothing very specific.

How education in Ontario does relate is that under the Indian Act, section 88, it is called a general law of application. Where there are no federal laws or no Indian laws, provincial laws will apply. What we are simply saying is that in order to get some of the things that are more culturally relevant, including native language appropriate to our community, we have to alter some of the legislative base and some of our ideas on how education is now being delivered in Ontario.

With a dropout rate of 65 per cent of native students not achieving the grade 12 level in southern Ontario, 85 per cent not achieving the grade 12 level in northern Ontario, and only 10 per cent of all native students going to colleges and universities, those rates are some four times, I believe, those of non-Indian statistics. Some 20 per cent of all students going through high school go to university or college; we have eight per cent of our students doing that. So if we are losing 65 per cent in southern Ontario and 85 per cent in northern Ontario and we are only putting through eight per cent, we now have a federal capping of post-secondary schools. We are ineligible for provincial bursaries and grants because we are not a part of the tax structure.

What we have to do, I believe, is look at some of the existing legislation and how it limits us, not necessarily go for a huge amount of expenditures but simply rethink the types of things that we are doing in education. Surely, after some 120 years with the Indian Act being the taskmaster over Indian people, and obviously not being able to deliver an education program that is meaningful or successful to us, we believe it is our chance, it is our time. We would urge the committee not necessarily to look at massive amounts of dollars, but to look at rethinking how we are delivering services.

Mr. Chairman: I have to push on. I have about two minutes. Mr. Ferraro, Mr. Morin-Strom and Mr. Mackenzie.

Mr. Ferraro: Thank you very much for your presentation. I just want to question you. On the bottom of page 13 and over on to page 14, you indicate, "The total provincial expenditures on native programs, for which there was no reimbursement by the federal government, amounted to \$7,820,105." What exactly do you mean by total programs?

Chief Miskokomon: This was taken directly out of Federal-Provincial Programs and Activities: A Descriptive Inventory, 1987-88, and refers to Indian and Northern Affairs Accounts: Financing and Operation. Cost recovering

arrangements in 1987-88 with the province and two northern territories are 46 per cent federal, 54 per cent provincial, with the exception of Ontario, where it is 52-48 provincial. Negotiation goes on into Quebec.

Mr. Ferraro: What I am trying to get at is that you say, in other words, the province of Ontario essentially assisted the Indian nation in the province, if I understand correctly, to the tune of \$7.8 million.

Chief Miskokomon: Correct.

Mr. Ferraro: I find that a little difficult to believe. I am not disputing what you are saying because I am sure you know more about it than I do. But look at one program that we have, which is the northern small business program, which was \$8.2 million over three years, which I believe is a totally provincial initiative--and that is just one of them. Then you refer to another one. Just dealing with that one, I guess what I am saying is I find it startling that what you are saying is that the Ontario government is only helping the Indian people of Ontario to the tune of \$8 million.

Chief Miskokomon: I believe we are attempting to put this in the context where there are federal-provincial agreements.

Mr. Ferraro: Okay. This is outside of simply provincial.

Chief Miskokomon: That is correct.

Mr. Ferraro: Okay.

Chief Miskokomon: We are looking at it in terms of federal-provincial agreements. If I could follow up on the rationale, and I apologize for this type of confusion, essentially where we find ourselves today is that when the Nielsen report was tabled back in 1984 or so, it was attempting to minimize federal payments by simply transferring things across to the provincial government. A lot of these arrangements were done in federal-provincial types of arrangements.

Now what we find is that the old formulas that used to exist no longer exist. The federal-provincial policing arrangement for Indian police constables in Ontario was specifically maintained at 52 per cent federal, 48 per cent provincial by the Indian parties because we wanted to make sure and maintain that there was a federal responsibility in policing. It is not just a simple cost-shared type of an arrangement.

Mr. Ferraro: I appreciate your clarifying that. So in other words, what we should say then is, "total provincial expenditures on joint federal-provincial native programs."

Chief Miskokomon: Right.

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Mr. Ferraro: The last question I have here deals with the Ontario native economic support program. The amount for 1987-88 was \$4.9 million. You said the provincial government is reorganizing this program and not consulting the Ontario first nations in its delivery. One thing, being on the government side, that we are constantly accused of, is that we study things too much or indeed consult too much before we do any action. So this comes as somewhat of a surprise to me. I wonder if you could elaborate a little bit on that.

Chief Miskokomon: The shift in the program has been taking place where our communities had had an awful lot of involvement in that program, and I believe it was a highly successful program prior to the shift of policy and criteria for funding. It essentially moved away from community service type of activities into an economic development mode.

What we found is that many of the economic development restraints that were in it—and I think I point to a factor that, within the program, it is going to look towards incubator malls to create economic development—the minimum requirement is for four entrepreneurs to be within that economic development model for a period of two years, and it would constantly turn over. Many of our communities have a total population of less than 500. Many of our communities are not in an area where incubator malls would be economically viable to continue.

What we would have to look at is other things, and I think what we are saying is that, if we are looking at 49 per cent of the Indian population north of the French River, we cannot be looking at industrial malls or incubator malls. It is absurd. If we are looking at it for the southern approach, that is fine, but not in the north. The capitalization has moved from these incubator malls to one of product and now into more of a no-longer-brick-and-mortar type of approach.

Mr. Ferraro: But just so I understand correctly, its being reorganized to these malls is one facet of it, but there has been absolutely no consultation by the Ontario native affairs directorate with the first nations.

Chief Miskokomon: We find a minimum amount of consultation. We have had that experience.

Mr. Ferraro: Thank you.

Mr. Chairman: We have run out of time, Mr. Morin-Strom and Mr. Mackenzie, unless it is absolutely essential that you have to put something on the record.

Mr. Morin-Strom: I would just like to thank the chief for his excellent presentation and the tremendous depth of the presentation. We have a lot to look into here in terms of the issue you have brought to our attention. I am sorry we do not have further time to pursue it.

Chief Miskokomon: I apologize to the chair for this extended brief. However, we do not get a shot very often at these committees, and we had to put as much as we could.

Mr. Chairman: I would echo Mr. Morin-Strom's comments and thank you very much for a good, thorough presentation. We will certainly consider it.

The next presentation is from Dr. Cyril Greenland. Welcome to the committee. Your curriculum vitae, etc., is being distributed at the moment. We have a maximum of about 40 minutes. Perhaps you could give your presentation and hopefully leave some time for questions.

CYRIL GREENLAND

Dr. Greenland: Yes, thank you. I welcome the opportunity to appear before you, and I am particularly privileged to follow Joe Miskokomon, because

much of what he has said is certainly germane to my own thinking. I very much hope that his mention of the need to implement the Social Assistance Review Committee report is certainly a major part of my presentation.

Mr. Chairman, I have no brief to present to you, at least no formal brief, because what I have to say about the implementation of the SARC report has been exceedingly well documented by many of my colleagues who appeared before you. The concerns to which I must draw your attention today relate to the close relationship between sickness, violence and poverty.

As will be seen from my brief curriculum vitae, which is being distributed to you, I am a retired university professor. For the past 20 years, my research and teaching have been primarily focused on the relationship between various social factors and family and personal violence.

As you will also see, my most recent publication, Preventing CAN Deaths, An International Study of Deaths Due to Child Abuse and Neglect, was based on an international comparative study of high-risk child abuse in the UK, the US and Canada. The Canadian leg of that study was based on a detailed examination of 100 deaths due to child abuse and neglect reported to the chief coroner of Ontario over a period of 10 years.

The most outstanding finding from that study was that well over 90 per cent of the victims were under five years of age and over half of them, roughly 60 per cent, had been previously abused and neglected and were already known to children's aid societies.

The perpetrators were, in the main, young people who were poor, inadequately educated and socially isolated. As a matter of fact, only three of the perpetrators had an education above the high-school stage. It is this research, and certainly these dramatic findings, which lead me to believe that the prevention of child abuse and the prevention of violence in our society depends on the eradication of poverty from our province. This is why I think that the implementation of the Social Assistance Review Committee report is essential to the wellbeing of our society.

The fact that 14 per cent of the children of Ontario live well below the poverty line is an obscenity, and it is an obscenity simply because Ontario certainly has an abundance of means to adequately feed, clothe and house all of its people.

I want to point out here that there is also a self-interest aspect of the problem which needs to be brought to your attention; I am sure this has, in fact, previously been brought to your attention. The relationship between ill health and poverty in children has been well demonstrated to you by the work of Professor Shah, an epidemiologist and paediatrician from the University of Toronto and the Hospital for Sick Children; also Professor Dan Offord's research on the relationship between mental ill health and poverty surely must demonstrate to you that it makes good economic sense to prevent illness rather than to treat it.

Turning now to the broader aspects of social violence, I would like to bring to your attention that societies in which great privilege marked by excessive consumption of material goods exists side-by-side with extreme poverty are very likely to be overtaken by social unrest, by increasing crime, both personal violence and to property, and also racially motivated disturbances.

Experience over the past few years in Brixton in England, where there were extreme forms of violence mostly of a racial origin, in Miami more recently, certainly in Washington, and in today's paper in Venezuela, where there is an incredible social unrest and violence resulting in at least 300 deaths in Caracas, should indicate to us that we have a great lesson to learn.

I do not want to labour these points, because I am sure the points have been well made to you, but by way of conclusion I want to say that it should be very obvious to informed and responsible people, and especially to members of this legislative committee, that the situation of violence already exists in Ontario and particularly in our large urban centres, such as Metro Toronto, at a time when an increasing number of people are depending on the handouts from food banks. I want to draw to your attention the article in the Globe and Mail this morning pointing out that at the present time 80,000 people depend on food from 140 social agencies each month.

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This occurs roughly at the same time we have a literally pornographic publication, published by the Globe and Mail, exalting the readers to consume. There is one item here—I find it difficult to find the right words without appearing vulgar, but at the same time when we have 80,000 people in Toronto depending on food banks, they are advertising gold-plated bathroom sinks, toilet sinks for \$8,000. I will not go into the rest of this really disgraceful publication, except to point out to you that we really should not be surprised at the increasing incidence of property offences, certainly in Toronto.

I think the standing committee on finance and economic affairs has a major responsibility to address the issues of social and economic justice. I think a great deal depends on the conclusion and the report of your committee and I very much hope, Mr. Chairman and members, that you will heed the numerous presentations that have been made to you concerning the implementation of the Social Assistance Review Committee report. I think this is a vital document. I think it can do a great deal of good. Without wishing to appear threatening or ominous, I would say that the failure to implement these recommendations will lead us inevitably into conflict and violence.

Mr. Mackenzie: You have really just about answered my question, Dr. Greenland. If I had asked a question of the chief, it would have been on his shorter document which ends up with a pretty strong endorsement of the first phase of the Thomson report. It is a topic that many groups have raised before this committee. I am taking from your remarks that, if this committee did nothing else, the recommendation of at least the first phase of the Thomson report is an absolute must as a tool, a social tool, a tool fighting poverty in this province.

Dr. Greenland: I certainly agree with that. I would like to emphasize, though, that it makes good economic sense. The \$400 million, \$500 million or \$600 million that the first stage is supposed to cost is a lot of money, but essentially it is about four or five days' cost of our health service. The relationship between poverty and sickness is so well established that it should be obvious to everyone that it makes good economic sense to feed and to clothe and to house poor families adequately, so that they can avoid the sicknesses which it is so costly to treat. I must say I find it very difficult to understand why this message should have such a hard time sort of percolating up to the Legislature.

Mr. Mackenzie: The other question I have in mind is one that I have asked perennially. Do you have any specific recommendations, over and above the first phase of the Thomson report, that this committee should be recommending to the Treasurer in terms of any reassessment of our tax system or priorities? Are there any other things you see we should be doing to meet some of the obvious costs of some of the programs?

Dr. Greenland: Yes. I think the most important thing, if you were to ask me if there is one thing that could be done in Ontario that would be a major benefit to the whole society, but particularly to impoverished children, I would say that the provision of—I do not want to use the words "low-income houses," because I think housing is a social benefit and there should not be, as it were, special housing for low-income people.

We have a great deal of experience not only in Ontario, but really across the western world, that if you build houses for low-income people you create far more problems than you originally started with. But if there is one thing that we could do in Ontario, that would be to make a determined effort over the next two or three years to make available adequate housing at the cost people can afford.

A lot of the distress and the crime we have in this city is, in my view, directly related to the enormous increase in the cost of housing, so people cannot afford to eat properly. This is why we have dependence on the food bank. Also, through the TV and through this kind of advertising, we have created a consumer society where people begin to think of luxury goods as essential goods, and if people do not have the means to buy these goods, then they are going out to shoplift them and engage in illegal acts. We have seen examples of this time and time again with young people in society who feel they have a right to the consumer goods associated with the good life.

Just to focus again on your question, the thing I would focus on would be a housing program with a real sense of urgency. This would have the greatest impact for the social good of this province.

Mr. Mackenzie: Finally, do you see any value, as part of that program, in recommendations that would deal with the obvious speculation and flipping of housing units and lots and the profiteering on housing that is going on today?

Dr. Greenland: I have used up the words "obscenity" and "pornography" already, and I do not want to use those words again, but it does seem to me really quite disgraceful, because housing in our society is essential. You would die without adequate housing. How this could be allowed to be a field for speculation is really difficult to imagine in a society which we consider to be moral and democratic. It really is beyond my belief that our society encourages speculation and certainly does not tax the speculators to the extent to which this is socially necessary.

Mrs. Cunningham: Thank you for your presentation, Dr. Greenland. It is enlightening to be here and to be able to listen to you once again. I have heard you in the past.

On one of the attached fact sheets from the Catholic Children's Aid Society—when talking about the clients, you responded a little bit to the social unrest, the crime and the racially motivated disturbances that are very much related to poverty in families. I wonder if you could respond to the fact that 34 per cent of the clients, and we are now talking about people who are

poor, have not finished grade 8, and that makes me very nervous personally, and perhaps relate that to the need for the implementation of at least stage one—I underline "least"—of the SARC report.

Dr. Greenland: Thank you very much, Mrs. Cunningham. The question of education and the use of education is really quite complicated, because obviously there is not a one-to-one direct association between being poor and being poorly educated. A lot of very poor people place a very high value on education and make incredible sacrifices to see that their children get out of the rat race and into higher education which would free them from their bonds of poverty. But only a small proportion of poor families can make that.

The reason for that is, and we are beginning to understand this in Toronto, for example, is that we know a great many children go to school hungry. You simply cannot teach a hungry child. It is really impossible. You have to feed children first and then you can begin to educate. Unfortunately, and it is difficult to understand why this should be, our educational system makes no or very little economic provision to see that all the children who go to school are adequately nourished in order for them to absorb education, so there is a big gap there.

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Here in Metro Toronto we have some programs of subsidized feeding, but they only apply to a very small segment of the population. I do not have the data sheets with me now, but I do have a vast amount of information about the relationship between malnutrition and inability to function in school. So that is one element: Children have to be adequately nourished before they can learn.

There are also a number of other disincentives in the school system if you are poor. If you are poor, you simply do not have the money to go on school trips with other children. It is simply not on, so you dissociate yourself from that kind of educational experience.

The other factor which is somewhat difficult to get a handle on but which is certainly a very neglected factor is the relationship between poverty, poor housing, and the absorption of lead. Again, I refer to Toronto because it is easiest to do it here. We know there is a very close relationship between high lead levels and poverty areas, because poor people tend to live in areas where there is industry and pollution and so on. We have, published for this province, fairly detailed maps showing where there are high lead levels. Unfortunately, there is no connection between that part of the government concerned with environmental pollution and that part of the government concerned with health and that part concerned with education. So there is no attempt or very little attempt to assess the children who are not functioning well in school in relation to their lead levels.

One of the things you can do if you have a high lead blood level and you are a child is to increase your diet; in fact, increase the fatty element of your diet. If children eat very well, they secrete this lead from their body at a very rapid rate. But to the best of my knowledge, there is no service which says: "These kids cannot function well at school because of the high lead level in their blood. Therefore, we're going to give them extra nourishment, extra nutrition to counteract the effects of lead." We do not do that and these children suffer considerably.

There are many other things one needs to say. If children are living in very cramped quarters, which many poor families are—I can think of families

where there are four or five children living with a parent in one room—you have to ask yourself: Where do they do homework? How do they find the peace and quiet to do homework when there is all this activity going on?

What I am trying to say here is that the relationship between poverty and poor education is not a direct one but it is complicated by all the other social factors that make it very difficult for children to succeed in school, and that once the child falls back it is very difficult for him to catch up.

This information has appeared in—you must forgive me for not remembering the name; perhaps it is a lead blood level that is affecting my memory—an excellent report on school dropouts in this province.

Again, it is very clear that children who come from poor families or stressed families simply cannot cope with the educational system. They have to get out as soon as possible. They have to start earning money as soon as possible. It is very attractive to 15-, 16- or 17-year-old children to get out and earn some money, even if it is a very small amount. At least they can begin to buy the kind of consumer goods that make them feel good. But you and I know and this committee knows that the long-term consequences of neglecting the education for this immediate gratification are disastrous for those people. I hope that—

Mrs. Cunningham: You have been most informative, and I thank you very much. Given your response there, I wonder if you would respond or just make a comment on the implementation of the Social Assistance Review Committee report with regard to stage one, because basically in stage one we are looking at improved or increased rates. My concern is that some of the other parts—one that you have just mentioned now—that relate to education and to nutrition are found in other stages.

Increased rates are wonderful; it is a good beginning, but I am more concerned about the structural changes that take place basically in stages two and four of the report. I wonder if you would respond to that particular concern and tell me if it is legitimate. I need my legitimacy re-established here.

Dr. Greenland: I think it is very important to see the SARC report in a holistic way. The beautiful thing about the SARC report is that it does look at this problem in a very rounded, almost an ecological, way and it comes at the problem from many different dimensions.

There are elements that are not properly dealt with. The housing element, for example, I think has not been tackled in a way that would be really adequate. The whole question of education and the special needs of children who are moving through the educational system with major disadvantages has not been dealt with.

It seems to me that we have to make certain decisions. There is a consensus right across the province—except, I think, within the present government—that the implementation of the first stage of the Thomson report is absolutely essential. It would be a major tragedy if the government backed away from that; there is no doubt about it. But it is just a beginning.

What we need is a strategy that will look in greater depth at the whole structure of our society, which not only creates but seems to support these great extremes of excessive wealth and great poverty here. The Thomson report alone, in all its stages, will not cope with that; but I think that sound

economic planning would enable us to certainly deal with this problem in a much more rational and economically efficient way than we are tackling it at the moment.

The most important part, I think, of the SARC report is the discovery that being poor is not necessarily related to being on welfare. A vast proportion of people who are very poor indeed are working their guts out, having two or three jobs, and still are not able to keep afloat in our society. I think that needs to be looked at very carefully indeed: What is wrong with our society when people work as hard as they possibly can and still are not able to survive at a level which is essential in order to maintain health and stability?

I think these problems are not properly addressed in the SARC report, nor should they be. It really did not set out to cure all the problems of our society. But now that we have taken the first step, I think we have to look very, very carefully at what else needs to be done.

I have been reading the reports of the Premier's Council. Although I find it difficult to agree with all that is said here, nevertheless there is a recognition that the wealth of our society depends not on what is happening on Bay Street, because Bay Street does not create wealth; wealth in our society is really created by the hands and the brains of the people of Ontario combined with the natural resources of our province.

Very little attention is really being given to what we do in our society to maximize the efficiency of, as it were, the hands and brains of our society. How can we afford to treat as garbage 14 per cent of the children of our society, and yet at the same time we say we value all the people of society? We say we want to educate them, we want to train them to the best of our ability, when in fact our existing economic policies makes that virtually impossible. There is a conflict here which is very disturbing.

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Mrs. Cunningham: Thank you very much.

Mr. Pelissero: Dr. Greenland, you have touched on some of the area that I was interested in with respect to nutrition relating to poverty relating to education. I was wondering if you have done any studies in terms of other provinces or even the United States or other parts of the world. Is the relationship the same in terms of poverty, nutrition and education? Without saying that what we are doing or not doing is nearly enough, how do we compare on a relative scale or is there any kind of mechanism to compare, say, how we are doing in Ontario versus British Columbia versus Washington versus Michigan versus Great Britain versus Germany?

Dr. Greenland: In relation to British Columbia at the present time, Ontario stands out as a beacon, because I think a great deal of disservice has been done to the people of British Columbia by the present government, which seems determined not to recognize the existence of poverty and the fact that a major segment of society is being treated in a very unfortunate way. The Premier of British Columbia says, "If children are hungry, then that's the responsibility of their parents, it is because parents are negligent, parents don't care," which is really a disgraceful way of responding to this need.

Looking at the problem in the western world, we do see similar trends, in Britain, for example. In Britain under the Thatcher regime, the poor people, poor children, are much worse off than they have ever been.

One of the things that Mrs. Thatcher did very early on in Britain, for example, was to cut off free milk for schoolchildren, which had been in place ever since I was a child in Britain. Poor kids could have access to half a pint of milk a day—not much, but it is a start; it is something. One of the first things she did was to cut that off, regardless of the fact that the surplus milk in Britain, and certainly in Europe, could float a whole fleet of battleships. There was no reason to cut this off, but that was done.

We see in Britain a worsening of the conditions of poor people, particularly recent immigrants. Certainly the black people in Britain are at a greater disadvantage now than they have ever been before, and this has resulted, as I indicated earlier, in the Brixton riots and so on.

Looking at the situation in the United States, you see an amazing mix of responses. One of the policy decisions that has been taken in the United States which has never sat well here in Ontario is the giving of food, of food vouchers. No one in Ontario whom I know is in favour of that.

I wonder why that is. At least in the United States the very poor families do, at least in theory, have access to a certain level of nutrition. The method is certainly not one that I would recommend here, because we do not need that.

At the same time, we are in this very unusual situation. Ontario is probably one of the most privileged places in the whole world that we do in fact have an abundance of food, on one hand, and on the other hand we have a very large number—and I do not know exactly what that number is—

Mr. Haggerty: One in nine.

Dr. Greenland: —one in nine, who are not eating properly. Why is there no way of providing, as it were, a transportation system between the farmers and the food producers, on the one hand, who have food to spare, and the consumers, on the other hand, who need food but do not have it? What sort of means of communication can you establish to bring the transfer of food from this point to that point?

We have struggled with this in Ontario for a long time. Many of my colleagues feel, and feel very passionately, that the giving of food should not be based upon making the individuals feel at a disadvantage, making them feel that they are recipients of charity; that they should be able to buy the food they need with the money they have in their pockets and make choices in the same way as the rest of us make choices.

I have to say I disagree with many of my colleagues about this. For me, the most urgent priority, as children cannot wait, is to see that children are fed. I have proposed, and no one has taken me very seriously, that the basic foodstuffs in Ontario should be free for all schoolchildren. There should be free milk, eggs, cheese, butter and so on, and this should be available on demand, and it could be on demand to the richest, to the Reichmanns, as it should be to the poorest people. Economically, there is no reason why that could not happen, and that would rule out any possibility of us being accused of discrimination. I do not think anyone is going to seriously recommend that, though it is difficult to see reasons why not. We could afford it; the food is there; the demand is there. Let's find a way of addressing it.

The urgent thing, however, and I have already indicated this, is that children cannot wait. Children who are malnourished at age five, six, seven,

eight are not going to recover. Their bones will not recover. They have to be fed now. For my part, I would say let us do whatever is necessary to bring the food to the people who need it and do it now and do it in a way that does not discriminate between poor kids and the others. We have the means to do it and we should do it.

Mr. Chairman: Thank you very much, Dr. Greenland. It has been very worth while. As you may be aware, we have had a lot of submissions on SARC, and there is no doubt that we are going to have to address it some way or other.

Dr. Greenland: That is music to my ears. Thank you.

Mr. Chairman: The next submission is from the Ontario Contract Observation and Detention Homes Association. To Don Adam and Tim Marks, who have been patiently waiting, I apologize for the delay in your presentation, but we did some rescheduling, the results of which are that we have about 40 minutes now as opposed to 30, which we had originally thought, to listen to you, so the time is yours until 4:15 p.m. Hopefully, you will give us some time to ask questions afterwards.

I might, as you are sitting down, comment that Dr. Greenland indicated that SARC stage one equals about four or five days of the cost of health care. I used to do a lot of advocating for corrections issues, and I recall that we used to say the whole justice system—police, courts, judges, detention and aftercare—can go for about 90 days for the cost of a cloverleaf on Highway 401.

ONTARIO CONTRACT OBSERVATION AND DETENTION HOMES ASSOCIATION

Mr. Marks: Just so you know which one of us is which, I am Tim Marks. I am president of the association that represents the detention and contract facilities, and this is Don Adam, who is a member of the board of directors. We have a brief written statement we would like to read, as well as six recommendations we would like to present.

This written statement is a slightly updated version of a document which I believe all the members of the Legislative Assembly received already on February 1 of this year.

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The young offender services in Ontario are in jeopardy. The Ontario Contract Observation and Detention Homes Association is a provincial association representing open detention/open custody facilities providing residential services for the Ministry of Community and Social Services for young offenders ages 12 to 16. Our membership consists of over 24 community-based, predominately board-operated agencies serving from 4,000 to 6,000 children per year. Our main goal is to provide quality service for the children we care for.

Since 1986, a major problem has existed. Employees of our member agencies are vastly underpaid. This causes our service delivery to be hampered. Staff turnover is roughly 35 per cent yearly, which means we are constantly training new staff to provide our children with quality service.

The Ministry of Community and Social Services pays our civil servant counterparts a starting salary of \$27,580, while the majority of our agencies

start at \$17,500. These civil servants work in facilities that are directly operated by the government to perform the exact same duties for \$10,000 more per year than our agencies' staff.

Consequently, many of our staff are seeking government employment. Since we began dealing with this issue, the government salaries have increased from \$23,785 to \$27,580, as already mentioned, while our staff starting salaries have gone up approximately \$1,000.

As well as the wage inequity situation between government agencies and contract agencies, there is another inequity in the service stream. Contrary to the government's own pay equity legislation, employees within the contract network performing the same duties are paid substantially different salaries depending on the agency they work for and the area office that contracts with them. Employees working in Ottawa or Sudbury start at \$21,000 and \$24,000 respectively, while in London or Guelph they start at approximately \$17,450.

Also, at this time, the ministry is studying and hoping to implement higher province-wide hiring criteria for service providers. This will only compound our problem of attracting suitable staff if we cannot pay them according to their qualifications.

Our association has been discussing this issue with the Ministry of Community and Social Services since May 1986. The Honourable John Sweeney has acknowledged privately, publicly and in correspondence the need and his desire to address this situation. The ministry agrees that we have been more than patient, co-operative and professional in our discussions. We have agreed in principle to a phased-in solution over three years.

As a result of a joint study that was prepared for October 1988, an MB20 recommending pay increases was sent to Management Board of Cabinet for action that same month. The association was told that it was reasonable to expect this document to be addressed by December 31, 1988. However, Management Board chose not to include this document on its agenda for 1988. It has not been communicated to us when or if this study will ever be dealt with. We feel that we no longer can be merely patient. We believe that young offender services in Ontario are, indeed, in jeopardy. We have experienced high staff turnover at numerous facilities. We have seen a number of facilities come close to shutting down due to salary issues. We have seen key management personnel leave the field.

As the frequency of these situations increases, the actual effects on service delivery will increase. The association members are frustrated that their ability is hampered in continuing to deliver an excellent level of service by inadequate compensation to their staff, the agencies' most important resource.

We are also concerned that the vast amount of work and energy that we have put into creating a positive relationship with the community is in jeopardy. Obviously, we cannot continue to keep our commitment to our neighbours that our facilities will be properly maintained with all the aforementioned realities.

At this point, Don will present to the committee our recommendations.

Mr. Adam: We have six recommendations. Hopefully, they will be looked at seriously.

1. Obviously, Management Board and the government of Ontario should action the MB20 that was submitted last fall and enhance the base salaries of staff members of young offender transfer payment agencies. The money requested, as Mr. Cooke alluded to, amounts to approximately 0.16 per cent of the \$4,263,220,200 allocated to the Ministry of Community and Social Services for the fiscal year 1988-89.

2. The Ministry of Community and Social Services should address the wage inequity issue for the entire young offender system instead of dealing with individual agencies throughout the province as a concern or problem develops. The message the ministry is giving to transfer payment agencies is to create a predicament, a crisis, such as reducing service, unionizing and going to arbitration or conciliation, withdrawing periphery services, approaching the media or cancelling services. They have to do that in order to receive additional funding.

3. The government of Ontario and the Ministry of Community and Social Services should attempt to follow the spirit of its own legislation, that is, equal pay for equal work, from the 1950s, and pay equity, which is more recent.

4. Each year, the Ministry of Community and Social Services approaches transfer payment agencies with excess "capital" funds. This money could easily be used to address this wage issue. It is our recommendation that the Ministry of Community and Social Services allocate these "capital" funds to transfer payment young offenders agency service providers on an annual basis to enhance the base salaries.

Except for the first recommendation, the other three are revenue neutral. If those cannot be acted upon, we would go on to recommendation 5.

5. The Ministry of Community and Social Services should not play political games with this situation. In 1988, the central region of Ontario was prepared to enhance the base salary of all transfer payment young offender agencies by \$3,000 but was told not to, as it would upset the other regions. If the central region had this money, what became of it? Where is the money that had been earmarked for secure facilities that have not yet opened? Why are new programs able to start at higher base salaries than established programs? Where is the money that has been allocated to programs that have closed? We recommend that the Ministry of Community and Social Services determine the whereabouts of these funds and use it to enhance the base salary of transfer-payment young offender program to the best of its ability.

6. Different area offices have made this issue their number one priority and are willing to cut corners elsewhere to enhance base salaries at young offender agencies. However, they are restricted from doing so by a ministry directive that allows only cost-of-living increases to transfer payment budgets, particularly on the salary line. We recommend that this directive be changed and we hope you will consider this seriously.

Mr. Marks: If I could make one correction, I believe Don said that the first four recommendations were revenue neutral. I believe it is recommendations 5 and 6 that would actually be considered as revenue-neutral proposals and that the first four would not. They would be calling for additional funding.

Mr. Morin-Strom: Thank you for your presentation. With regard to young offenders facilities, I would think that the issue, and certainly the case that has gotten the most serious attention, has been the very tragic one

involving Krista Sepp several weeks ago. I am surprised that you have not made any mention with regard to staffing levels.

In that case it was quite apparent that certainly everything surrounding that case seemed to indicate that the fundamental problem there was a lack of staffing levels and assurances that adequate staffing levels were there to protect the employees. I am a little surprised that you have not made a recommendation in the area of staffing levels. Do you have a position in terms of whether, in fact, staffing levels are inadequate in facilities, both government-operated or agency-operated facilities handling young offenders? Would you make a recommendation that the government act in terms of ensuring that those staffing levels be addressed?

Mr. Marks: I think we should clarify. The association that we represent represents facilities which are purely servicing young offenders. The staffing levels in those facilities are different from staffing levels in the type of home where Krista Sepp was killed.

We are going to be a part of the review that Mr. Sweeney has called for. Our understanding today was that this was a finance committee. I think at this time, although we do have recommendations regarding staffing ratios and levels, we are not prepared today to comment on that issue. We came here today solely for the purpose of commenting on a three-year-old problem that we have been trying to get addressed and we have not had any success with.

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Mr. Adam: The other predicament is that we have to be able to hold on to the staff once we hire them. So the first issue is: How are we able to do that?

Mr. Morin-Strom: I was trying to avoid getting into the whole issue of the Young Offenders Act and your recommendations on it, and trying to restrict it to those things that are purely funding-oriented.

But it seems to me that levels of staffing are critically related to the levels of funding and the budgets that are being provided to these agencies. Under the kinds of restrictions the province has been putting on funding of facilities dealing with young offenders, there are some choices involved here, even if funding levels were expanded, as to whether the government is going to address the recommendations you have made or whether it is going to address increasing staffing levels versus increasing funds per staff position.

I guess I was trying to make my question quite related to the funding levels which, in both cases, seem to be critical in creating a problem in terms of protections that are needed in terms of the staff in the facilities and also, as you say, if the levels of funding are not sufficient you cannot attract the kind of qualified, experienced people you want to service these facilities.

If the government itself is providing starting salaries at \$27,600 versus agencies typically starting at \$17,500, you are in quite a different hiring position with respect to the kinds of people you are going to be able to attract to the different facilities.

Mr. Marks: Maybe I could try to answer your question in a different way. I do not know whether it has been determined whether the actual reason the murder occurred was because there was a single staff person on or because

the single staff person who was on that night was very green in terms of her experience. There may be times when, in certain types of homes, it is appropriate to have one staff person on an overnight shift. The question I would ask is: Is it appropriate to have an inexperienced, brand-new staff person on at night?

If you are confined to paying the types of salaries paid even in our types of facilities, which are specifically set up and designed to deal with purely young offenders, let alone whatever salaries are being paid in group homes for emotionally disturbed children or whatever type of population you are working with, you may not have any other choice but to hire very inexperienced, freshly graduated individuals to fill your positions.

If you have an entire team of fairly inexperienced people, you do not have a choice of what type of individual to leave on shift, whether there are two people there or there is one person there.

Mr. Jackson: Mr. Chairman, could I ask a supplementary to assist Mr. Morin-Strom with respect to his question?

Mr. Chairman: If that is all right with Mr. Morin-Strom.

Mr. Morin-Strom: Yes, go ahead.

Mr. Jackson: It has to do with the fact that last Thursday the federal government announced an additional \$5.2 million for the Young Offenders Act nationally, which means that Ontario will get a portion of that.

Mr. Haggerty: Not very much; peanuts.

Mr. Jackson: Then we do not need to do the research here, since Mr. Haggerty already has the answer. I was in Ottawa—

Mr. Haggerty: That is the whole problem. It has been loaded on to the province and no funding.

Mr. Chairman: Mr. Jackson has the floor.

Mr. Jackson: The point I was going to make was, do we have any indication from the federal government? If the panel before us cannot answer that question, which I doubt it can, perhaps research can make contact with the office of the Minister of Justice to determine, if those moneys are targeted to help with the administration of the act, with which the federal government has indicated there is some difficulty—not with the implementation, but with the administration of the act—where, in the mind of the federal government, those dollars should be transferred. Then it would beg the question for this committee about where those funds are being spent on behalf of the province, because they are obviously being transferred to general revenue.

I think that is getting to the nub of Mr. Morin-Strom's question. But given that there is additional money coming, we should be able to try to track where the federal government thinks we should be spending it vis-à-vis your presentation. I already have a conclusion which varies from Mr. Haggerty's, because I went to Ottawa for a two-hour meeting with the Department of Justice on that very point and was briefed extensively.

I think it would be a worthwhile exercise if we could perhaps find out,

Mr. Chairman, if there are any attachments to those additional moneys that will guide this government. I just leave that as a request, given that that was the substance of Mr. Morin-Strom's very appropriate question.

Mr. Chairman: Research will attempt to find out and perhaps you can be of some assistance, too.

Mr. Jackson: I have a release and some figures already that I brought back with me.

Mr. Ferraro: Thank you for your brief presentation. I had the pleasure, I might add, of my local association coming in to see me; I must admit it was disappointing to hear the discrepancies and the problems they have.

I wonder if you could expound for me, so I understand. You indicate very clearly, for example, that contract workers in my riding get \$17,450 roughly. In Sudbury, just to use that example, it is \$24,000. How is it that the agency and/or the area office can have that type of leeway? Surely the government would say, "Okay, if it's essentially the same office, only in a different locale, there is some qualification as to where the money should go." Or is it just global budgeting, and subsequently the local office and/or the entrepreneur, if you will, the contractor, indicates how much it is going to pay its staff?

Mr. Adam: In Sudbury, Sudbury Youth Services was operating an open facility, and the Minister of Community and Social Services (Mr. Sweeney) wished to open a secure detention and custody facility for young offenders aged 12 to 16. They were able to negotiate their salaries upwards because they had something the ministry wished to have, the service.

Mr. Ferraro: Does that mean, for example, that my local facility cannot negotiate very well?

Mr. Adam: No, it means there is not very much to negotiate with except the current service.

Mr. Marks: If I could give you another example, the William W. Creighton Centre in Thunder Bay is in the same situation, where they had an open detention facility. They are in the process of opening a medium-secure facility this fall. Across the province, all of our agencies reported there was a four per cent cost-of-living increase coming for this next fiscal year. Thunder Bay is unionized and the staff threatened to walk out if its demands were not met. So whether it is a combination of the fact that they were unionized and were threatening to walk out, or in addition that down the road they are going to have to reopen negotiations with this same agency and this same union to get this medium-secure facility on side, they came to an agreement that they would have a seven per cent increase across their budget for the 1989-90 fiscal year.

Mr. Ferraro: My facility is an open facility, is it not?

Mr. Adam: Yes, it is.

Mr. Ferraro: Just so I understand correctly, I am not comparing apples with apples, Sudbury and Guelph, am I?

Mr. Adam: You are. The open facility in Sudbury and the open facility in Guelph would be apples and apples.

Mr. Ferraro: It is apples and apples, okay. Where I got lost was that you say there was a secure facility and then they went to---

Mr. Adam: Both. They are now doing both.

Mr. Ferraro: It is now open. Okay, I have a second question, and I think it does pertain to economics. My group, very charming, capable ladies, came in to see me to talk to me about it. They indicated, "We're lucky in Guelph, because we have some male supervisors who are working for this salary." The assertion was made, and maybe you can expound on it, that other contract agencies and their facilities throughout Ontario are having some difficulty getting male employees, and essentially because of the economics. Is that a fair comment, or is that a variable at all?

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Mr. Marks: I think maybe the comment that those particular employees made was referring to Mr. Adam himself, who happens to be an employee of the Cassata Agency which operates the homes in your area.

Mr. Ferraro: Oh, maybe it is just Cassata.

Mr. Marks: But in terms of trying to find male front-line workers, getting away from supervisors, it is more and more difficult all the time not only to find male workers, but to keep them.

Mr. Ferraro: Keeping them, I guess, would be---you should charge a finder's fee for training these guys.

Mr. Adam: Exactly, for the government. Also, only about five per cent of the students enrolled in child care courses in the province are male. There are very few males going into the field, which is unfortunate.

Mr. Ferraro: And you think that is essentially because of the bucks, or lack thereof?

Mr. Adam: Absolutely. How could you support a family on \$17,500, even in your area or somewhere else?

Mr. Ferraro: I would have to marry a rich woman, obviously.

Mr. Adam: Yes, absolutely.

Mrs. Cunningham: Thank you for your presentation. This is a subject that I think I relate to, in that your group certainly came to my office, as it did to Mr. Ferraro's, to enlighten us somewhat.

It is my understanding that there has been agreement, though, with the minister on (1) the disparity in wages and (2) the concern for the tremendous turnover because of the differential in pay, and that you had agreed at some time, I think last spring if I am correct, as a result of a lot of input and study, to a three-year phase-in, in principle at least. Am I correct on that? Would you like to respond to that?

Mr. Marks: As far as I know, the ministry and the minister are in complete agreement that the problem exists. The wage differential inequity is agreed upon, and he has stated that he would like to address the problem. We did, when we were working with the finance division of the Ministry of

Community and Social Services to put together this proposal, agree to what we thought was a very rational, three-year phase-in plan with the end result being comparative salaries to the government civil servants. We were not even, at that point, seeking parity; we were trying to be as realistic as we could in these times.

Mrs. Cunningham: It is known in the field that if one starts out with an agency, if successful financially, one ends up in a government agency. There is no doubt. The differential is obvious in what you have stated, and that is a real concern.

Could you clarify something for me? In letters that you wrote to Murray Hamilton, who was doing the accountability project for the Ministry of Community and Social Services—he asked for input from all agencies, I believe, into the work he was doing. He talked about, in his agency compensation review, the firm of Bass Campbell Associates Ltd. I am not aware of what happened to the work that particular firm was contracted to do. Do we know anything about that? I know there was a lot of input into that particular study and I am wondering what happened to it.

Mr. Marks: We know the firm as well. What tends to happen in these situations is that you get the letters explaining what they are attempting to do, the letters requesting what information they want. You send it all in—I have documentation here that has all that information in it—but there is no formal response or communication back to, in this case, our association explaining what the results were, what the findings were. It is all confidential.

A result of that study may in fact have been that we did have a fair amount of input into the final stages of the eventual MB20. But, again, you are taken so far along with the ministry and then it seems to stop. The communication stops. You do not know what is going on, even when you write letters asking for updated information about the various documents and presentations. We still do not know accurately what has happened to the MB20. Some people have told us it is on the agenda, it has been tabled, it has not been tabled, it is sitting or it is waiting. Often we are told, "Well, no news is good news."

Mr. Adam: And, "We've never seen it."

Mrs. Cunningham: That might be a bit of work, Mr. Chairman. I do not know what the protocol is, but if we are aware of a study that might help us in our deliberations, it might be something that the research officer could look into for us. It may well have been the base for the recommendation to the MB20. If I could make that request, I would appreciate it.

Mr. Chairman: All right.

Mrs. Cunningham: I have one more question. On page 1 of your brief today, for which we thank you sincerely, you were talking about "studying and hoping to implement higher province-wide hiring criteria for service providers." You say, "This will compound our problem of attracting suitable staff." Is that as a result, do you think, of this accountability project that went on or is it separate from the work Mr. Hamilton did or the results of the work Mr. Hamilton did?

Mr. Marks: First of all, I just want to clarify. I thought you said we were undertaking this study.

Mrs. Cunningham: No.

Mr. Marks: Okay, the ministry is.

Mrs. Cunningham: You said "the ministry is studying and hoping to implement," yes.

Mr. Marks: As far as I know, there was never a connection made between the two.

Mrs. Cunningham: Okay.

Mr. Marks: Basically, this study is as a result of a document. I believe the title of it is Staffing Qualifications Report. It is another one of the ministry documents. I am sitting on the advisory committee to that study, and as far as I know, the ministry is hoping to implement the findings of that report some time in the near future. It speaks to province-wide hiring qualifications which, if in fact the salaries remain as they are, will make it almost impossible for us to find someone with the qualifications they are requesting who would work for that kind of money.

Mrs. Cunningham: Mr. Chairman, I think I am correct in saying that this concern has been recognized by the government, at least by the minister in discussing it with him, so I am not sure what the role of this committee could be except to underline the concern that the minister has already stated at the end.

Mr. Chairman: We can make a recommendation. It is somewhat hazy as to whether or not it is appropriate to mention it in a budget report, but I think we have mentioned in the past things that are not straight financial allocation things.

Mrs. Cunningham: Right. This one is a direct financial one, though, is it not? It is money that will have to be injected, over a three-year period, to meet this concern.

Mr. Chairman: Yes.

Mr. Haggerty: I would like to direct a question. What is the differential in cost of keeping a young offender in a contract residence compared to a detention centre run by the province? Is there a differential rate in the cost of providing the same service?

Mr. Adam: Almost 50 per cent. On a contract payment it is just a little over \$100 and in a direct-run ministry facility it is a little over \$200.

Mr. Haggerty: Per day, that is?

Mr. Adam: That is right.

Mr. Haggerty: So there is \$100 difference in the upkeep?

Mr. Adam: Yes. Part of that is the salary, part of it is the building and some of it is the excess of civil servants in the higher management positions.

Mr. Haggerty: What type of clients do you have in the private and the government-run?

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Mr. Adam: They are identical. If there is a secure facility operated by transfer payment versus directly operated, they would be identical kids. They would not be in the same region but they would have---

Mr. Haggerty: But they are not really what you call in--the--neighbourhood homes?

Mr. Adam: Secure facilities?

Mr. Haggerty: They are not secure facilities, are they?

Mr. Adam: Some are, some are not.

Mr. Haggerty: How are they treated in the salary to the staff?

Mr. Marks: The contracted medium--secure facilities?

Mr. Haggerty: Yes.

Mr. Marks: Those tend to be the programs that make in the neighbourhood of the mid-20s. Those are the types of programs where if an agency is asked to open one of those up, it provides them the opportunity to say to the ministry, "If you want me to open up this medium--secure program, then you had better look at my open-custody staff salaries and adjust those accordingly, or when I open up my medium--secure facility, all my staff from my open program will want to go right into the medium--secure program. I cannot pay them different salaries."

They have something they can negotiate with and it behooves the ministry to come across with the money.

Mr. Haggerty: What is the success rate in these community homes--the private-sector detention centres?

Mr. Marks: I would only be guessing. There have not been any recidivism studies done that have been carried on long enough since the--

Mr. Haggerty: That would be about almost three years now, would it not?

Mr. Marks: Yes. It has been since 1985.

Mr. Haggerty: That is right. No study has been done on it since then.

Mr. Marks: I can certainly give you an estimate of my program's success rates, but it is based on whether you want to look at long-term or short-term recidivism. If you are looking at one year after discharge, two years after discharge or three years after discharge, it would vary greatly.

I think it is safe to say--and this is only my own opinion--that the success rate in directly operated facilities would be no greater than the success rate of contracted facilities.

Mr. Haggerty: Who makes the follow-up on youth offenders once they leave the contract homes?

Mr. Marks: In terms of staying success?

Mr. Haggerty: Yes. Who follows up on how they are succeeding in the general public? How many were successful in returning to employment?

Mr. Marks: Most agencies that are reputable have their own follow-up studies. The ministry tries to follow up through the probationary services in the various areas, but I would be very surprised if there were any concrete overall plan in place to research that type of information at this time.

Mr. Haggerty: That is interesting.

Mr. Marks: Part of the study about agency accountability and its relationship with the ministry is to deal with that very issue; are we getting our money's worth in terms of money that we are spending on these programs? That study, along with, as I said, the relationship that exists between the ministry and the various agencies that they hire to provide these services, has just been completed in the last six months—the study portion of it—and the recommendations made.

What is happening now is further study, further consultation and so on and so on. And somewhere down the road, they are looking at service planning for all agencies. I do not know if you are familiar with that term, but it is basically a way of being more accountable in terms of your overall budgets. But for the vast majority of contracted services, service planning has not been in place.

Mr. Haggerty: I believe that in 1985, when this was shifted back to the province—more so to look at than the new program they have for youth offenders—if I am not mistaken, quoting from memory, I think there was a transition cost of about \$700 million to fund it. Am I correct in that? It was an enormous amount of money, anyway.

Has the number of probation officers dropped, then, under this program or are there enough of them out there?

Mr. Adam: You would be better off asking the ministry.

Mr. Haggerty: I thought perhaps you could have something to add.

Mr. Marks: In my local office I would hazard a guess that there has not been a decrease in the number of probation officers. There certainly seems to be an increase in the number of young offenders who are needing service, according to some sources. If the number of probation officers is only being maintained, there could be an argument made that that number should have increased over the last three years. Again, that is only personal speculation on my part.

Mr. Haggerty: In other words, we are really not sure if the program is working as it was outlined to do by the federal government.

Mr. Adam: The Ministry of Community and Social Services is just developing a young offender philosophy now about what it is even trying to accomplish. It has been very hard to determine by study—

Mr. Haggerty: Yet I do know the Ministry of Correctional Services is building a facility in the Niagara region for young offenders. That is next to the regional detention centre there.

Mr. Chairman: Perhaps the problem could be partially resolved by reducing the civil service salaries to meet a rise in the other salaries, to keep it revenue neutral.

Mr. Mackenzie: Only a Liberal would come up with that suggestion.

Really the employees of your contract centres are in no different situation than some of the privately operated ambulance drivers, except that they are making even less money than the ambulance drivers. It is the same merry-go-round you are on in terms of the silent partner at the bargaining table, is it not?

Mr. Adam: And there is potentially somewhat more danger.

Mr. Mackenzie: Why do you really think you might achieve—obviously, you are frustrated that you have not—a better level of funding in terms of salaries when we seem to be in a period of contracting out and privatization? This certainly fits that particular government mode. It does not pay them a heck of a lot in terms of contracting out if they have to pay the same as in their own facilities.

Mr. Marks: Let me clarify. As I said earlier, the proposal that we agreed to was not for parity with the civil servants. It was for comparative salaries.

Mr. Mackenzie: Within all of the centres.

Mr. Marks: Within all the centres.

Mr. Mackenzie: But some of them are unionized and some are not. Obviously, to use the Sudbury case as an example, that gives them a heck of a lot more leverage.

Mr. Marks: With the MB20 we were looking at, the end result of the three-year phase-in program would be for our employees to be at the salary level of about \$27,000, not taking into account cost of living. That was back in 1988. In comparison with the salaries of the directly operated worker, it was about a \$3,000 or \$4,000 differential, at that point, with the civil servants. We were not looking for parity. We realize that the purpose of going with transfer payment service providers is to save the government money. We were not unreasonable to the point where we thought we were going to be able to change that.

Mr. Mackenzie: I am not surprised that things did not happen as you expected in 1988 in the deal, because I do not really see where there is any initiative there on the part of the government to meet your demands given the kind of situation we are in.

Mr. Marks: It seems that the only time there is initiative is if there is something at stake or a crisis situation—

Mr. Mackenzie: As you say, or if somebody creates a disturbance or unionizes or goes on strike or something.

Mr. Marks: Exactly, but what that leads to is that all the other agencies in the province who are not unionized or who have not presented the ministry with a crisis situation to begin to move in that direction, whether it is the employees themselves, are saying: "Look. The people up in Thunder

Bay are unionized and they're getting their money. Why are we sitting here being stupid and not doing anything?"

Mr. Mackenzie: If I was directing the campaign, that is exactly what I would be doing. I think you are a loser otherwise in this.

Mr. Marks: The other thing is that we have all worked really hard to nurture an acceptance by the community, whether it is province-wide or in our individual areas. We have not made a lot of noise, if you will, and we have not gone to the media, because at the same time as we want to try to get the ministry or the government's attention, we also do not want to begin to alarm the community and get it to the point where it is screaming again—

Mr. Mackenzie: It is a very sensitive area. That is obvious.

Mr. Marks: —for our programs to be taken out of the community. As I said, this document and the supporting documentation you received were prepared and presented to the Legislative Assembly on February 1. Unfortunately, the two tragic incidents occurred the following Friday. A review has come out of that and hopefully some good will come of that. As I said earlier, we are taking part in that review. We certainly will have specific recommendations to make not only in the areas of salaries and budgets but also in security, safety and other areas.

Mr. Chairman: Thank you very much for your presentation. It was very worth while and well received. We will be considering it next week.

Mr. Marks: We appreciate your time and appreciate you listening to us. Is there a mechanism in this exercise where we will get some feedback?

Mr. Chairman: Yes. We will be sending you a copy of our report shortly after it is released, which I hope will be later this month. Then, of course, the Treasurer is expected to bring down a budget some time after the House resumes on April 25. First, you will see to what extent we talked about it in our report and, second, to what extent the Treasurer listened to us by reading those two documents.

Mr. Marks: Okay. Thank you very much.

Mr. Chairman: Years ago, in another life, I used to have to serve detentions or, to use the vernacular, stay after four because I was late for school. It is kind of interesting that now the Ontario Public School Teachers' Federation is not here. However, we did check with them at four o'clock. Apparently, they thought they were due tomorrow, so we have scheduled them for tomorrow at 4 p.m. We have been unable to get hold of the Ontario Public School Boards' Association, which is due to arrive at 5 p.m., so I can only suggest that we take a 40-minute break, but please be back here sharp at 5 p.m.

The other thing is that tomorrow and also Wednesday we will be using room 151, the Amethyst Room.

Mr. Pelissero: Room 151 tomorrow and Wednesday?

Mr. Chairman: Yes, so make sure you are well shaven.

Mr. Morin-Strom: Starting at 9:30 a.m.?

Mr. Chairman: Starting at 9:30 a.m.

Mr. Morin-Strom: Can we ensure that the presentations are all one after another?

Mr. Chairman: We are working on that, but I cannot assure you of that at the moment. There is a gap in the morning. The afternoon is solid until 4:30. At the moment you will be free at 4:30 p.m., which is---

Mr. Jackson: From 9:30 till 4:30 p.m. tomorrow?

Mr. Chairman: From 9:30 to 4:30 p.m. except that we have two gaps in the morning program. We have presentations at 9:30 a.m. and 10 a.m., and no one at 10:30 a.m. and 11 a.m., but we are trying to fill those slots; we have someone at 11:30 a.m. and then every half-hour from 1:30 p.m. through to 4:30 p.m.

Mr. Jackson: And Wednesday? Is that a public document?

Mr. Chairman: Oh, yes. I will give you a copy.

Mr. Jackson: Thank you. That would be a lot easier than---

Mr. Chairman: Sorry, it is just that it is changing constantly.

Mr. Jackson: I appreciate that.

Mr. Chairman: On Wednesday, at the moment we do not start until 10 a.m., but it goes through till noon and then from 1:30 p.m. till 5 p.m.

Let's try to be back by 4:55 p.m. Okay?

The committee recessed at 16:22 p.m.

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The Vice-Chairman: In the absence of the chairman, I will recognize a quorum and welcome the association before us and say that we probably have 30 to 35 minutes for your presentation. Use it how you see fit, and maybe just introduce the people in your group.

ONTARIO PUBLIC SCHOOL BOARDS' ASSOCIATION

Mrs. Wright: If you are in agreement, we would like to perhaps give a brief presentation on our document called Keep the Promise. We would like to get a dialogue going with you people about some of the questions that you may have and some concerns that we may have, if that is agreeable.

I would like to introduce the ladies with me. At the desk here is our first vice-president, Ruth Lafarga, who is a trustee from the Durham board. Edna Kidd is a past-president of the association and is a trustee with the Kenora board.

With us are staff: Bill McCordic is our executive director, Bill Phillips is an associate director, and John Adams is our director of government affairs.

I believe that you have copies of our document. We are going to give you a brief outline of what is in the document.

First of all, I would like to tell you about our association. We represent the public school boards in the province of Ontario. There are 76 public school boards and a number of other boards that are members of our association. I am speaking about the isolate boards in northern Ontario. We represent pretty close to 1.5 million students being educated in the province.

The Ontario Public School Boards' Association, on behalf of Ontario's public school boards, is pleased to have the opportunity to make a submission to the standing committee on finance and economic affairs.

Last year, the three associations which came together to form this one association, submitted suggestions along with other associations to the standing committee on finance and economic affairs for the 1988 budget. We are pleased that we are here to assist with the preparation of the 1989 Ontario budget.

We continue to have the concerns we had before with the levels of funding being provided to school boards by the Ontario government and we wish to highlight the following major areas: declining rate of provincial support; inadequate expenditure ceilings, capital funding; continuing education funding; child care funding; environmental protection; pay equity; provincial sales tax exemption, and "Keep the Promise."

The Ontario Public School Boards' Association is confident its recommendations and advice will be given thoughtful consideration to the benefit of the students being educated by all the school boards across Ontario. How well we provide for the developmental needs of these young people will impact on the economic and social wellbeing of this province. Ontario's future competitiveness can only be assured if education is given a higher priority in the sharing of provincial revenues.

I would like to address the declining rate of provincial support as we have seen it. The transfer payments to school boards will increase by 6.1 per cent in 1989. While such an increase may seem adequate, it is necessary to make clear that when increases required to finance such items as smaller class sizes in grades 1 and 2 are taken into account, the real increase becomes four per cent, significantly less than the inflation rate.

The 1989 increase does not allow for the increasingly expensive commitments made by the provincial government to finance Roman Catholic separate secondary education and expanded French-language education.

As a result, the percentage of gross expenditures of school boards funded by the provincial government will undoubtedly fall below the current approximately 45 per cent level of funding. Only 10 years ago, the provincial government funded 53.3 per cent of school board expenditures. This has increased inequalities among school boards. The drop in provincial support for school boards has been even more dramatic: from 56 per cent in 1974-75 to 36 per cent in 1987-88.

What has caused such a drastic reduction in comparative provincial support for elementary and secondary education? It has been caused by the reduction in the percentage of Ontario's expenditures devoted to education, from 25 per cent in 1978-79 to 19 per cent in 1988-89.

We would urge the standing committee on finance and economic affairs to immediately recommend that education be established as a higher priority, and

that a higher percentage of provincial expenditures be transferred to education to reduce the school tax burden on local taxpayers.

Mrs. Kidd: I would like to cover the inadequate expenditure ceilings.

In order to meet the current demands of society and the ministry directives for improved school programs and services, Ontario school boards have found it necessary to increase programming and services in French-language education, both as a first and second language; reduce class sizes; develop specialized counselling and support services; increase continuing education programs; support day care programs; implement special education programs for all school-age children; develop programs to reduce dropouts and bridge the school to work transition; integrate newcomers to Canada into the classroom; develop new curriculum to implement OSIS; repair and upgrade school buildings, largely out of operating funds, and increasingly respond to the individual differences and individual needs of its students.

The costs of these program improvements have not been reflected in increased per pupil expenditure ceilings. As a result, school boards are increasingly being forced to spend above these ceilings in order to meet public expectations and ministry-mandated programs; 100 per cent of these over-ceiling expenditures must be financed by the local property tax base.

We feel this is unfair. School boards with limited tax bases are most severely affected by inadequate expenditure ceilings; and just ask me about it. I am from the north.

If such expenditures were unnecessary frills, there would be no problem. In actual fact; these programs are essential and therefore should be eligible for government funding.

The partial solution is to increase the per pupil expenditure ceilings to make adequate provision for these essential services. However, to increase the expenditure ceilings without increasing the total funding available to school boards from the province would mean that low-assessment boards would still be severely affected, as the rate of grant would fall and the local taxpayer would be required to pick up an increased share of approved expenditures.

Obviously, the solution requires two related actions: It requires an increase in the per pupil approved expenditure ceilings and an increase in provincial support for education. We would request that steps be taken to implement such actions.

Mrs. Lafarga: An area that we seem to be always concerned about is that of capital funding. The school boards of the province really face a very serious situation with regards to the availability of funds, not only for new pupil places but also for upgrading and renovations to the existing stock of schools.

Last year, when the capital forecast was submitted by the school boards across the province, the requests were for \$1.9 billion in capital funding. The year before it was \$1.7 billion. We are very grateful that the government has seen fit to increase the amount that is allocated to \$300 million, but it falls very far short of the needs. Of the \$1.7 billion that was requested, \$1.4 billion was for new pupil places and the rest was for upgradings and renovation.

Of the money that is divvied out from the province, approximately 94 per cent of it goes to new pupil places, so the majority of boards in the province see virtually no money for capital upgradings at all. That, of course, really divides boards against each other. I am sure most people can understand the concerns of those boards in the growing areas, which basically rim the Metro area but also around the Ottawa area, which simply have to face the problem of where they are going to put the students. They also have concerns about the upgradings that they have to do too.

We are asking, certainly in establishing the budget, that at least a minimum of the \$300 million be continued as capital funding. We would like to see an inflation factor in there, which would be of some help to us, or also, if the government would consider increasing the amount that would go to capital for school boards from 10 per cent of the total capital budget of the province to 12 per cent, that would make an additional \$60 million available to school board capital.

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One of the areas that has been suggested as a means to get more capital available for school boards is that of lot levies. I am sure you are all familiar with the fact that the green paper has been circulated to school boards, and I would like to make some comments on that. We have circulated that through our various boards and had response from them. There has been a great deal of work done on the particular area.

I think it is fair to say that the public school boards have a weak support for the introduction of lot levies. The concern is on the basis of philosophy. In fact, we are very concerned that we are moving away from the government supporting the costs of education to users supporting the costs of education, and we wonder, if we give tacit agreement for that, where it will lead in the future.

On the other hand, there is the knowledge that our situation is really quite desperate. Not only did we fall behind but we increasingly seem to fall behind. The stock of schools is simply not being maintained and we are serving children in inadequate facilities and with some 7,000 portables around the province.

We are saying that we would certainly be interested in more work being done on the lot levies. However, we are concerned about certain areas. One in particular is the fact that we do not want to see the reduction in the share of the government's part to 60 per cent of capital programs from 75 per cent.

I believe our response to the green paper is in your document, but I just want to comment on the more major items.

We really want to see that 75 per cent continued as a cost. If it is not, the boards that have to do the renovations and upgradings and do not have access to growth in their communities will simply not be able to afford to do those, even with government funding.

If there are lot levies, and I believe it has to be optional for school boards to move into it, we would like to see those two accounts between the public and the separate board be separate accounts. We do not feel that they should be one account, we feel that they should be separate accounts, and each board would have authority over the way that money would be spent. We know

that for the replacement or for new pupil places that is a condition of the expenditure of that money, but we say that it should be in separate accounts.

We feel that because this is such a new area of financing, and with implications, we would like to see a review of it in three to five years; that there should be full discussion on how well this has worked. We accept that there will be full accounting and public accounting. Nevertheless, we would like to see a review of it in three to five years.

We do accept that it will only be for the local share of the capital costs, and obviously, it would have to be on a phase-in basis, because even with rapid growth it would take some time before we would have adequate sums of money available for major projects.

I think for those boards that are very much in favour of this, what we are in fact saying is that we consider school buildings of a higher social priority than park lands and probably libraries and recreational facilities that are now being funded by lot levies.

We feel that it should not only apply to new development but it should also apply to redevelopment. In many of our communities, there will probably be some more established areas of the cities that we will see going into redevelopment. We think that it is very important, if I can use the example of the St. Lawrence lands in Toronto, where we have to take into consideration, if that redevelopment does take place, what will the impact on school buildings be?

Just to reiterate, as far as the capital area is concerned, at a bare minimum we want to see the government continuing with the \$300 million. We would certainly like to see more in that particular area and more of it must go into the renovations, repairs and replacement, at the same time appreciating that the growth areas have to have somewhere to educate students.

We really would like to see a more realistic approach to the loading factors, because that is really a very major concern to school boards. Particularly once we move into the area of special education and the whole area of the reduced class sizes that have been mandated, then the rating factors that are being used currently are totally unrealistic, so we end up building facilities that are inadequate right from the start.

Mrs. Wright: In our document we have also outlined some of our budgetary needs in areas that I will just mention briefly: continuing education and child-care funding—of course, through government legislation, all new buildings are now required to have facilities for child care and we are asking that the government totally fund those needs that are being legislated; environmental protection—same thing again, we are concerned with the environment, we do need help, this is a very important topic; pay equity—again, government legislation that is proving onerous for school boards that is very costly to us, and we are looking for some assistance there.

Under the provincial sales tax exemption—it was just a few years ago that we were exempt from sales tax—the bill is over \$50 million annually. Again, that is put on the backs of the ratepayers.

Going down to the phrase "Keep the Promise," you will recall that during the Bill 30 debate, this government promised that the extension of full funding to the Roman Catholic secondary school boards would not be

accomplished at the expense of the Ontario public school system. The Ontario public school system is open to all. Our doors are open to children of every race, creed, colour or state of health. We are completely open to our staff members as well.

We are asking you to honour your commitment to reject any proposal that would weaken the funding base of Ontario's public schools, and we are especially concerned about having access to the commercial industrial taxes. These taxes have helped build our public school system, allowing public school boards to provide the full range of programs and services needed. Any loss of any of these moneys would jeopardize the viability of our public schools. We are concerned also that public schools receive their fair share of the capital grants, and as my colleague here has explained, this was not dealt with very wisely in our minds in 1988. We are certainly looking for a fairer distribution of the capital funds in 1989.

In conclusion, the Ontario Public School Boards' Association requests that the following proposals be given high priority in the 1989 Ontario budget: Protect the funding base of Ontario's public school system; establish a plan to phase in a return to the 60-40 provincial-local education cost-sharing arrangement; increase the per-pupil-recognized expenditure ceilings to more realistic levels; increase the rate and the amount of capital funding for renovations, repairs and replacements, as well as for new pupil places required by growth—and there is information in this brief as to the number of portables that are now in existence in the public school system; increase continuing education funding to ensure open access by all; provide school boards with adequate funding for child-care capital and administrative expenses for which school boards are going to be responsible; provide funding as necessary to make required environmental improvements; provide funding to support pay equity implementation and to reinstate the exemption of school boards from retail sales tax.

We would be pleased to answer any questions that any of the members would have.

Mr. Chairman: Thank you particularly for the way in which your brief is put together. It is very clear and concise, with good appendices. It should be easy to deal with. Mr. Jackson has a question.

Mr. Jackson: I can only echo those sentiments. It is an excellent brief. If I can work in reverse, I thought the last point was a rather good one, because each of the last three budgets have all had small items that appear on the surface not to be significant to school boards, but when costed out become significant—whether it was the gas tax adjustment or—there have been several.

I am reversing this question. To your knowledge, are there any exemptions that you are benefiting from? Another way of putting it is that you are asking that the exemption for the retail sales tax be reinstated. Are there any exemptions left for school boards that we might know of? It is a funny way of drawing attention to it, but if there are not any left, have your financial people provided any—

Mrs. Kidd: I don't know.

Mr. Jackson: The reason I asked that is to help us to look for it.

We just discovered one, for example, that was buried very deeply in the Kruger report on auto insurance rates, where fleets of school buses of a certain size are going to have an additional insurance rating added on. If you are not aware of it when you plow through that weighty document, you will find a very small reference to it, but, for your smaller boards with multiple fleets, there is going to be an added insurance cost. It does not necessarily take its negative impact solely from the budget; there are other programs. I will tip you off to that, but I also wanted to ask you if you knew of any other examples of those benefits that may evaporate.

Mrs. Wright: There are school boards in the province, of which my board is one, that have a staff person who looks into available grants, and these are becoming fewer and fewer and lesser and lesser all the time.

Mr. Chairman: You can lay that staff person off, then.

Mrs. Wright: We may be able to do without that one position.

Mrs. Kidd: I would just like to backtrack on Cam's question. I would like to ask him a question in exchange. This insurance tax you are talking of, would that also apply to companies that provide school busing?

Mr. Jackson: Yes. So it would be reflected in your—

Mrs. Kidd: It will be reflected in our budget.

Mr. Jackson: Yes. So I guess, in the event that you wanted to do the examinations and do supplementary submissions to this committee, I am not wishing to lead you, but I would suggest that we would not want the Treasurer to—

Having adjusted the benefits you had on gasoline, and now that we know in a large number of rural boards the negative impact of an additional increase in insurance adjustment, we would not want that figure of grant support to slide or be adjusted in any way, shape or form, and possibly you might have an argument for adjusting it the other way. But at least you would want no movement on that, given that busing expenses have increased exponentially recently. I am hearing that from a lot of boards.

If I could, I would like to ask a question. I recall, as the Premier (Mr. Peterson) of this province responded to briefs, so did we in opposition; so we all have records as well as to where we stand on the issue. I was very pleased to have your presentation, on page 3, which talked about the relationship between expenditure ceilings approved per pupil and provincial funding.

I am going to ask you a question that I guess normally a government member would ask, and that is, to what extent do you see the relationship between the government's authority in keeping you within a certain range above grant ceiling expenditures?

The focus of my question is not for you to understand my position. It is more important really, I guess, on the Treasurer's behalf, to ask the question that if we are going to raise ceilings, then the argument is that you will just continue to spend at 100 per cent local, tax-assessed dollars, that it just gives you an even greater authority to raise that amount. There has been some discussion, in other jurisdictions in this country, where there are some limits that the government places. In other words, we will increase the ceilings, but we want to make sure that you only spend within a certain range.

Have you given any consideration to that? I know that is a question the Treasurer would ask if he were here today.

This is a good question for a government member, Ray, and you know that.

Interjection.

Mr. Ferraro: We have got an empty seat over here.

Mr. Jackson: I would not sit over there for all the money. Don't take it personally, Ray.

Mrs. Kidd: To try to answer your question, I think individual boards have discussed this. If we are going to get more money from the government, what are we willing to give up? In other words, what control are we going to give?

I think most school-boards, our own in particular, have decided that, yes, we would accept some control, but we would like to see the ceilings raised.

I think there has to be control, to a certain extent. We have to be responsible and I think we are responsible people.

Mr. Jackson: I wanted to be fair when I asked that question. The point that concerns me is when the rules of the game change, in terms of what the government calls upon you to fund without adjusting the grant ceiling, and that really gets at the rub of the concern here, in my view, in that the computer which was an add-on is now part of your general grants. It is still perceived by the public as a major political commitment, but in fact it was blended in, and you have cited pay equity and so on.

Before you arrived today, the Council of Ontario Universities was before us and it said, "We wish we had your problem with pay equity, because we would pass it on to the local taxpayers," which you technically could do at some electoral peril. However, they have no option to do that. Perhaps you would comment further about the impact of the program adjustment without the resultant adjustment in the ceiling.

Mrs. Wright: One of the things I would like to suggest to you is that school boards are represented by people elected by the ratepayers in that area and school boards want the local autonomy to operate. One of the problems we run into—it is the major problem, but there are many that compound a major problem—is that it is government legislation which is consistently increasing the cost to school boards. We have labelled a number of them in here: day care, heritage language. I could go through all the bills: the special education bill. Our board itself is paying \$1.1 million to operate special education because of the needs there.

These things are grantable in the beginning but then the grants fall to the wayside and they are put on the backs of the ratepayer. The difference in the ceilings is not the fault of the local boards, but through legislation and what is mandated by the government for us to enact. That is where the costs are coming in. I would say you cannot take the autonomy away from the local boards, because I think we would be in serious difficulties.

Mrs. Kidd: It is my addition also that there is lots of control already in the system.

Mrs. Lafarga: If I could add, too, I do not believe it is only the things that are mandated for education that have an impact on us. Pay equity has been mentioned and the health and safety regulations for fire marshals. There are a number of other costs—unemployment insurance, Canada pension plan—that impact on school board budgets. All of these things do have quite a considerable impact on what we are able to do.

I think what school boards will do, probably like the government, is determine what is reasonable in terms of mill rate and then start cutting. I think that is where we are getting into a lot of problems with our capital maintenance programs and our ability to serve probably a lot of the children in the system, because we are increasingly asked to pick up the social services for children.

I think one of the very important things we have to remember is that the school system is the only thing that is common in children's lives. It is the only place they go to every day that is safe, secure and nurtures them. For many children, it is very much the only place. If we are not able to provide the special things for those children, then I think we will be picking them up, as a society, for many years. When you look at education, you are not just looking at the actual curriculum part of what happens in the classroom.

Mr. Jackson: I do not want to monopolize questions, but I will be very brief on capital lot levies. As you know, our political party does not agree with the position as enunciated in the green paper and I guess primarily around the point that you yourself raised, that it philosophically embraces the notion of a user-fee concept.

You raised the notion of full accounting after three years, separate accounts between boards. Do you not see difficulties with, first, the coterminous board opting for the program and the other not? The second part of my question would be on what basis the ratio of funds collected should be done. Forgive me for not having gone into your second brief to get that answer if it exists. Are you on a per pupil basis or do you examine on an assessment basis?

Mrs. Lafarga: We have not made a recommendation in that particular area. We are just saying that we feel the accounts should be separate. That is what we feel. You asked me another question.

Mr. Jackson: When the coterminous board does go on but the public board, for whatever reason, does not.

Mrs. Lafarga: I think if there is a decision on how the moneys would be distributed to the various accounts, then if one board philosophically does not want to, the other board can. I think that is the benefit. You may have more trouble if you do not have two separate accounts and then have the boards philosophically split on whether they want lot levies or not.

1730

Mr. Jackson: I am sorry. I have to ask a supplementary to that, and I am sure other members will.

Mrs. Lafarga: I just want to say that the accounting has to be on an annual basis. We want a review of the whole program.

Mr. Jackson: I understand that, but would you then say \$1,500,

because we are only funding one system and not the other, or how would you handle that?

Mrs. Wright: That is not my understanding of how that works. How that would work is the five-year forecast of capital needs for the two boards would be taken into account. The lot levy would then be realized out of the needs. That money would be collected and put into a joint account.

The difficulty we would have in there is that the public school board would not be in control of its share of the money. If a coterminous board opts into lot levies and the public board opts out of lot levies, then that is not going to be the public board's problem; that is going to be the government's problem. So, we do not see that as a problem, if indeed we maintain the 75 per cent. That is what we feel very strongly on, that we must maintain that 75 per cent.

The Vice-Chairman: Mr. Ferraro and Mr. Morin-Strom.

Mr. Ferraro: Thank you for your presentation, again. I think it is the second or third one---the second, in any event---where you have made a good presentation.

I am not going to get into a commercial on how we, as a party, view education as being the second priority. I think that is safe to say. I appreciate the positive comments you made in your submission and I am also conscious of some of the concerns and negative comments you made.

My question, first, is---and I think I asked this last year---lot levies and the green paper aside, you have indicated you want education as a higher priority. In other words, it would be, if not above health care funding, very close to the same as health care funding.

I hope I am not quoting the same thing I did last year. Bearing in mind that you have three options---you can cut budgets, increase taxes or sources of revenue or increase the deficit---do you have any suggestions for this committee as to what we should be recommending to the Treasurer as to which budgets we should cut, how to increase revenues or whether to add to the deficit?

Mrs. Wright: I certainly would not want to be about telling the Treasurer how to divvy up the pot, but there has to be a better way for money for education.

Mr. Ferraro: Excuse me for interrupting. Are you not doing that, though, by saying "Increase the priority" and "We need a lot more money"?

Mrs. Wright: Yes.

Mr. Ferraro: I do not mean to be argumentative. I am just trying to give you the other side of the paper.

Mrs. Wright: Yes, you are exactly right. What I say is we are not telling him what to take it away from, but we want more money. I suspect that you people are elected by the ratepayer to come up with those answers. All we are saying to you is that education should go back to the priority it once held in this province.

Mr. Ferraro: If I were a trustee, I would probably give the same answer.

This is the second question I have. I might be different, but let me deal with an issue that is constantly thrown up, and that is the 60-40 allocation. My response to the people who ask me, usually trustees and/or school teachers, at all candidate's meetings "Do you support the 60-40 ratio?" is "Yes, I support moving back towards that ratio." But I make a big distinction, and you have heard it more often than I have, about the 60-40 ratio applying to approved budgets as opposed to budgets.

Quite frankly, as a member of the government, I have some difficulty, to be blunt, getting to a position where I can say I am going to support 60 per cent of whatever budget the school boards come down with. To some degree, I am not sure it would be very responsible of me and/or the Treasurer to ever agree to that. Any comments on that?

Mrs. Lafarga: I would like to ask a question, because I think we have probably had this dialogue with a lot people. If, in fact, leaders in the community, as members of Parliament are, do not see that education is a very high priority, and I feel that is what you are saying by even asking that question—

Mr. Ferraro: No, I do not agree with that statement.

Mrs. Lafarga: I think that is really what we are saying. —then where is the future of our country when we talk in the Premier's report on the high-technology society, in that these things do not come cheaply? I think that unless we put the money into training young people and into educating our young people, maybe with more spent on education in the health field, we will reduce the health budget. I think if we have a very strong education system, then that is the wealth of our nation. I think that to have the arguments about the 60-40 really is to beg the much larger question about education.

Mr. Ferraro: First of all, in just a quick response, I am not sure that I agree entirely with everything you have said. But I do suspect you are not going to agree with everything I have said so I think we are probably at two ends of the spectrum on that argument.

Let me shift for my final question, vis-à-vis the green paper, to specifically two concerns. If I understood you correctly, you have given, notwithstanding the position of Mr. Jackson's party, support—albeit weak support—to the idea of lot levies. Is that correct?

Mrs. Lafarga: That is right, with the conditions.

Mr. Ferraro: Very good. I will throw this at you and you can respond. My concern is this: You did not mention—if you did I apologize because I did not see it and I have not had a chance to look at your submission thoroughly—and you did not react to the proposal whereby developers have said to legislators for years that they can build schools more quickly and more cheaply and just as well as school boards and that, indeed, you can have a lot more new classrooms because of the leverage factor.

Without diminishing or getting into an argument on the 75-percentile support or diminishing the \$300-million allocation, on the issue of what developers are saying regarding quality, speed, and cost, we can have a hell of a lot more classrooms from the mere leverage standpoint with a leaseback type of arrangement. Could you comment on that?

Mrs. Wright: It is very interesting that the developers have come up

with this program since the inception of the idea of lot levies because there was not too much talk from developers about building schools prior to this. We would have some concerns. We would certainly be willing to talk with them and to work with them.

We would certainly have some concerns about the needs for schools which are different than for other buildings. Of course, we have to follow the required standard classroom size and the facilities that we require for gymnasiums, etc., but we certainly have not turned down any opportunity to speak with developers.

Mr. Ferraro: Let me ask you a question: Do you consider it a threat whereby school boards would lease properties, assuming the standards are the same, and not own them?

Mrs. Wright: Not at all. In fact, there are boards that are looking into co-op with municipalities, with schools.

Mr. Ferraro: I understand that.

Mrs. Wright: I believe this is the way we are going to have to go. I would like to add one thing, though, to our lot levy submission and that is that we are very concerned about the furnishing and fixtures for schools, and we consider those very much a capital expense. If, indeed, the government is looking towards lot levies, we would like to have that included in the lot levy.

Mrs. Lafarga: If I could say one thing on that, quite often you are dealing with a number of different developers, too, so it would be a little bit of a problem.

Mr. Ferraro: I did not say it was easy, but it could be done.

Mr. Morin-Strom: In response to that last suggestion, I certainly would not like to see us looking at alternative ways of giving more tax breaks to developers and the business interests in the province as a way of financing our school systems and further starving the Treasurer of tax revenues from a member who is supposedly trying to find ways of financing the operation of our government. The suggestion that we open up further tax loopholes in terms of the ownership of schools is another suggestion, I think, from the right wing of the Liberal Party.

My question has to do with property taxes and the fact that this government has continued to use property taxes as a growing source of financing of education in Ontario. That clearly is the approach of this government and I think most people in the province recognize that as being a regressive source of taxation. One of the things the Treasurer has asked us to make in terms of a recommendation is to focus not just on the spending, but also on the source of funds for that government spending.

It would seem to me that most people in the province—and I think in you in your suggestion, as well—recognize that property taxes are an unfair source and should not continue to be a growing source of funding for the cost of our school systems. Do you have any particular suggestions as to how we can more fairly fund the cost of our school systems than the ever-increasing dependence on property taxes for the school boards across the province?

Mrs. Kidd: You can certainly start by bringing education to a higher focus in the province and bringing the levels of funding back up to the 60 per cent: increase the ceilings; simple.

Mr. Morin-Strom: Which sources of taxation would be better than property taxes?

Mrs. Kidd: I think it was back in 1965: I remember going to a conference in Ottawa to discuss funding of education. That same question was asked at that time and I think it has been asked every year since.

No one, even the best accountants in the country, the best figureheads or whatever, have not been able to come up with another solution to the tax problem. I think we all agree that property taxes are not the best way to go to fund education, but nobody has been able to come up with anything better. We have been talking about that for a long time.

Mr. Morin-Strom: We have had recommendations from the Ontario Federation of Students and from a number of organizations, particularly those making recommendations on the Thomson report in terms of the specific areas of taxation the province should be looking at to generate the revenues that are going to be needed to fund the cost, at least in the short run, hopefully in the long run. There are long-term economic benefits from implementing the Thomson recommendation. In the short run even, they have made suggestions as to how the Treasury can come up with the funds for that without increasing the deficit. You seem to be unwilling to make a specific recommendation.

Mrs. Kidd: I think we would be willing to sit down with anyone to discuss it. But making a recommendation is very hard when you do not have all of the facts. We would like to see your side of the question and ours and then we can sit down and discuss the whole thing. We would be willing to spend any amount of time doing that.

Mr. Chairman: These questions, you should be aware, come from some sense of frustration. We have a lot of people saying, "Spend more money" and some people saying, "Cut the deficit."

Mrs. Kidd: Oh, yes.

Mr. Chairman: But nobody comes in and says, "Raise taxes."

Mr. Morin-Strom: Not "no one."

Mr. Ferraro: The students.

Mr. Morin-Strom: Several have, and several on the Thomson—

Mr. Chairman: But last year. That is why we came—

Mr. Morin-Strom: Historically, we have had that problem.

Mrs. Kidd: We have the same problem on school boards.

Mr. Chairman: Yes, you would.

Mr. Haggerty: Can I get a supplementary on that to follow up with?

Mr. Chairman: All right, but then you will not get a question later. Okay? Fair enough?

Mr. Haggerty: As long as I can come back on it, okay.

Mr. Chairman: Yes. Go ahead.

Mr. Ferraro: He wants his question later.

Mr. Chairman: You want your question later?

Mr. Haggerty: No. As long as I can come back later. I just want to make sure—

Mr. Chairman: I am just looking at the clock and we have been going for 40 minutes now.

Mr. Haggerty: You want me to go forward with the question then, do you?

Mr. Chairman: No, because Mrs. Cunningham is ahead of you.

Mr. Haggerty: All right, let her go then. I will come right back to that.

Mrs. Cunningham: Thank you for a very inclusive brief. I am sure some of us will be quoting you frequently, given the research that went into it and I think the solid numbers that are in there.

Mrs. Kidd: We have them copyrighted.

Mrs. Cunningham: We will be speaking, quite frankly, often on your behalf. I think what is really sad, as part of the discussions today, is that you talk about some of the government initiatives and incentives that I think probably were something all of us would have wanted to do over the years.

I am talking specifically about lowering the class size: That was an incentive from the provincial government. It was something that school boards had worked towards over a very long period of time. They would have moved more quickly had they been able to afford it. I think one of the things that the boards are now having to live with is the particular incentive of this government based on its promises. I really like the delineation you made with regard to the 6.1 per cent perceived growth in payments to boards from this government but the real increase becomes four per cent because of that one, and I think that is a very big one for you.

Compounding your problem of course is the fact that, although for many years we were in a decline in this province—and I will probably be accused of making this a nonsensical forum for political claptrap in making these observations, but it is a reality for people who are trying to run school boards—you are now facing an increased enrolment and at the same time a decrease in class size and therefore you need more space. Because both of those things were promises by the particular government in power, I think maybe you are quite right in coming here and asking for the funds that go with the promises.

I think my disappointment might be that you were not even stronger on your request for the capital funding in that, looking very carefully at the \$1.7-billion request, it was not a joke. Boards that did not get the money and will not see it for another two or three years are in fact having different hours of attendance at school in some locations across the province for the

first time ever and are looking at leasing facilities that have not, at least in the history of this province, been adequate.

The only thing I could say is that, and it is a comment, I wish you a great deal of success in the tough planning you have got. My suggestion would be that the only point Mr. Ferraro did not make in looking at alternative forms of funding was perhaps that one could look at the efficiency of the size of the bureaucracy in this particular government. We may be able to save a couple of billion dollars just there.

The unfortunate part is you do not do it overnight. What you need is a long-term plan, because nobody wants to fire anybody. For some reason, he left it out of his alternatives for you to respond to and I just wanted to throw that one on the floor as a very real indication of where money can be found for kids.

Mrs. Wright: I would like to comment. You are talking about the capital needs for schools. On page 3 of our brief, the answer to the green paper, it shows that the public school system has 3,628 portables in place in September. A lot of these are the result of legislation and the lowering of the pupil-teacher ratio. But it does not just mean that we have these portables. We have children in portables, there is not enough space in gymnasium and there are not enough washroom facilities. All those other things have to be included in the capital needs of school boards.

Mr. Haggerty: I was interested in some of my colleague's comments and questions. I think it was the Smith report on taxation back in 1967 that suggested new areas of taxation. One was market value assessment. We have seen studies in the past here, study after study on market value assessment. Really, we have not moved forward in that area except under the old section 63 of the Assessment Act. In some areas that has caused some discomfort within municipalities.

I have seen over the years too that the government, back when it introduced county government or county boards of education, closed four- and five-room rural schools and urban schools and said our population was going down and we did not need the schools. In 1977, the studies on universities that came out indicated that—I can think of about four universities that were on the hit list: Trent, Brock and a couple of other ones that just do not come to my mind. I think Windsor was one of them—I could be wrong—and even the University of Western Ontario and other ones. They said that the enrolment was dropping, there was no need for them and we would have to move in that area. Well, that shows you how wrong the past government was on its forecasting.

Now, on the American side one way that they overcome the cost of education is the sales tax. We gave that up back in 1939. We have seen now that the federal government has proposed, in the second stage of its tax reform, that it wants to include many areas in the federal sales tax. Of course, they say it is going to be revenue neutral, but yet we know that studies and indications before the committee are that there will be a windfall to the federal government.

But on the American side, the counties have a right to and apply a sales tax. Has anybody in the school boards in Ontario made a study in this particular area, that there may be a field or a source out there by applying a county tax or a regional tax where you do have the pressure areas out there, such as Toronto? Maybe it is a source that they should be able to tax as an additional sales tax.

1750

Mrs. Kidd: You are talking about a retail sales tax?

Mr. Haggerty: A retail sales tax.

Mr. Chairman: If you had a school board sales tax, you could use it to pay the sales tax on supplies.

Mr. Haggerty: This is how they have done it in the United States.

Mrs. Cunningham: What happened to the \$500 million you guys got last time? Did it go to education?

Mr. Haggerty: Your suggestion over there is to spend and spend, but the question, is where do you get the bucks?

Mrs. Cunningham: You guys are the ones who made the promises, not me.

Mr. Haggerty: I am just asking if they have made any studies.

Mrs. Cunningham: I could not afford it when I was on the school board.

Mr. Chairman: All right. Mr. Haggerty's question is on the floor. Your answer is?

Mrs. Wright: I have heard it said many times that people should educate people and property should not educate people. I think that is something that the government, both at the federal and provincial level, should come to grips with. Boards of education are in place and education is the responsibility of the province. I believe it is the province's responsibility to fund education adequately and it is our responsibility, as trustees, to see that the children in our area are educated as we are accountable both to the ratepayer and to the student.

Mr. Haggerty: Would a sales tax perhaps generate more income and perhaps be more fair than lot levies or impost charges?

Mrs. Wright: On a provincial basis, at the responsibility of the province?

Mr. Haggerty: Yes.

Mrs. Wright: It could be a route to go. You could not handle it on a county basis, because you would have some counties that are wealthy and would not need it and other counties that are very poor and could not afford it.

Mrs. Kidd: I would just like to add that, again, it would be the poor boards that would suffer. You cannot afford to increase taxes for the poor assessed boards.

Mr. Haggerty: You may run into that difficulty.

Mr. Chairman: I think you have your answer, Mr. Haggerty. The time is late. Ms. Collins has not asked a question all afternoon, so I am going to give her a very brief one.

Ms. Collins: Thank you very much, Mr. Chairman. I did want to ask one earlier on the universities. Earlier this afternoon, we had a presentation by a Dr. Greenland. He talked about the need to implement recommendations from the Transitions report and he talked about children who were hungry and not being able to learn when they went to school and so on. Has your association discussed the recommendations of the Thomson report and do you have any recommendations?

Mrs. Wright: We have not got a position from our association on the Thomson report. However, it has been said earlier, by Ruth Lafarga, that children cannot learn if they come to school hungry. There are boards in the province that are providing breakfast programs for the caring and the nurturing of children that they are not getting at home. More and more, the social aspects are being foisted on school boards and we are having to deal with them. The teachers and the boards are dealing with them, but again it is at an additional cost to us.

Mr. Chairman: Thank you very much. As I said before we started questions, it was a well-prepared brief. Obviously it evoked a number of questions and some of the members have indicated they intend to use it.

Mrs. Wright: I certainly hope we will have some impact on the budget.

Mr. Chairman: Before we adjourn, I received in my office today, addressed to me as an MPP for Kitchener, a brief from the Canadian Federation of Independent Business to the Treasurer. Did anyone else get it?

Mr. Morin-Strom: Yes.

Mr. Chairman: You all have it, so we will not reproduce it.

The committee adjourned at 5:55 p.m.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PREBUDGET CONSULTATION

TUESDAY, MARCH 7, 1989

Morning Sitting



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Haggerty, Ray (Niagara South L)

Hart, Christine E. (York East L)

Kozyra, Taras B. (Port Arthur L)

Mackenzie, Bob (Hamilton East NDP)

McCague, George R. (Simcoe West PC)

Morin-Strom, Karl E. (Sault Ste. Marie NDP)

Pope, Alan W. (Cochrane South PC)

Substitutions:

Collins, Shirley (Wentworth East L) for Ms. Hart

Cunningham, Dianne E. (London North PC) for Mr. Pope

Jackson, Cameron (Burlington South PC) for Mr. McCague

Clerk: Decker, Todd

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Social Assistance Review Committee—Public Awareness Campaign:
Lightman, Dr. Ernie

Individual Presentations:

Cressy, Gordon, Vice-President, Development, University of Toronto; Former
Chairman, United Way of Greater Toronto

Shookner, Malcolm, Executive Co-ordinator, North York Inter-Agency and
Community Council

From the Ontario Council of Agencies Serving Immigrants:

Sinclair-Jones, Howard, Executive Director

Isaac, Barbara

Tao, Julia

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Tuesday, March 7, 1989

The committee met at 9:35 a.m. in room 151.

PREBUDGET CONSULTATION

Mr. Chairman: I see a quorum in actual fact and I think I will get started in the hope that the other three members will make an effort. I think we should get started in any event because of the time constraints we are under.

We have with us Ernie Lightman from the University of Toronto, who is with the Social Assistance Review Committee—Public Awareness Campaign. You have half an hour. I hope you leave some time for us to ask you some questions.

SOCIAL ASSISTANCE REVIEW COMMITTEE—PUBLIC AWARENESS CAMPAIGN

Dr. Lightman: You have before you a copy of the written brief I have prepared. Rather than read it through to you, which would take the entire half-hour, I would prefer just to talk to a few of the issues I raise in it and then leave time for questioning, if that is appropriate.

First, I will say a very quick word about what SARC-PAC is, because it is rather unusual within the Canadian context. SARC-PAC is a loose, informal coalition of groups and individuals that have come together on a completely ad hoc basis with one goal only, and that goal is to try to encourage the government to accept the principles of SARC and stage 1 in the throne speech and in the following budget.

It is interesting in that the group represents a tremendously broad cross-section of the total community in a way I have never seen before in my experience of working in the social welfare field. Social welfare issues seem to bring together the social welfare community and even it cannot stay together as a single group. On this occasion, it is not only the social welfare community but the broader community as well—a number of concerned individuals and a large number of business groups.

Yesterday morning I was in Kitchener-Waterloo, talking to some of the business leaders at a breakfast meeting at the Lutherwood foundation. This is not a group of people who would normally invite someone like me to come and address them. This group is also responsible for the full-page ad that was in the Globe and Mail last week and that has also appeared in many other papers across the province. If you look down the list of signatures on that ad, I think you will see they represent a tremendous cross-section of the community. I think the point here is that there is a lot of support within the community to implement stage 1 of SARC at this point.

With regard to my own involvement, I am working with SARC-PAC as a volunteer. I was involved in the work of SARC. I did the research study for them on work incentives. As you know, that is a major part of the stage 1 recommendations. I hope this morning, if you have any questions or there are any issues that are unclear to you about the work incentive part, which is a

major part of the stage 1 recommendations, I certainly would be happy to try to answer those and justify those.

What I would like to do is try to go right to the heart of what I think are some of the key issues and some of the key concerns around SARC and around the implementation of SARC. The first is that I would like to say just a few words about the notion of investment, because that word is being thrown around a lot around the implementation of SARC. People are being asked to undertake investment in people.

It is a concept where the language often makes a lot of people feel uncomfortable. We think about making investments in machinery, where we are going to amortize our costs over a certain number of years, and we expect a return on that. There is a very substantial literature in market economics, which actually arose out of the Chicago school many years ago, back in the early 1960s, I suppose, where they started to talk about investment in people, investment in human capital, to draw an exact analogy to investment in physical capital.

But the same issues are all as relevant in investing in people as they are in investing in machinery. We make investments and we expect a return. There is no absolute guarantee that there will be a return, but we make our investments in those areas where we expect there is going to be a high probability of a payoff.

We do it every day, for example, in the area of public education. We make investments in people. The return is a more literate society, a more informed society, a more technologically competent society, a society that is ostensibly prepared to cope with the modern era. We make social investments in public health and sanitation for the obvious reasons.

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We do not usually talk about expenditures on welfare as being an investment. In this sense—I use the phrase in the brief—this represents a radical revolution or a radical rethinking of traditional welfare thought. Traditional welfare thought really only deals with systems maintenance. Effectively, over time it just becomes a bottomless pit into which we keep chucking more and more money, and we get no payoff.

We get no payoff for anybody. That is really important, because the 1,500 briefs that were submitted to SARC said over and over again that there was no payoff from the clients' perspective. They do not like it. They are not happy with the system. It is very clear the taxpayers are not happy, because we are laying out \$2.5 billion and getting very ambiguous returns, if any returns at all. From the viewpoint of the politician there is very little payoff also, because you are voting a lot of tax money and you are not getting any sort of visible payoff for that as well.

The status quo really satisfies no one's needs. That is probably not surprising, because nobody has ever sat down and looked at the welfare system in this province comprehensively, ever, as far as we know. I got all my phrases backwards there, but as far as we know, no one has ever examined welfare in this province comprehensively. The result is that in classic bureaucratic decision-making, rules get placed on rules get placed on rules get placed on rules and there is no coherence to the whole package. When we look at the whole thing, nobody understands what it is about.

The best example in welfare is that we have a large number of work readiness programs that are largely targeted towards single parents, although not exclusively. We have educational upgrading, we have tea groups, we have support groups, we have limited access to day care and so on. Then, if a single mother is silly enough to try to make use of these and enter the workforce, we immediately slap on her a marginal tax rate that rapidly exceeds 100 per cent, so that if she is going to work, she has to do so against her own economic best interest.

This does not make sense. Either shut down all the programs and just lock the mothers up in public housing and leave them there for ever and ever, or if we are going to spend all the money we have on all these other programs, at least let the system encourage them to leave welfare rather than lock them in. That is perhaps a sort of global example of the way the worlds are dichotomized.

When we think about making investments in people, we have to look at what kinds of returns we are going to get. The returns are very measurable. This is the second basic point I want to make. In the SARC report, as you are all aware, the committee came up with a stage 1 cost of \$400 million, which is a global figure. The Treasurer (Mr. R. F. Nixon) has amended this upwards to \$600 million. Both these figures are cost-shareable.

SARC, for reasons that made a lot of sense from its perspective, did not try to cost or to quantify the benefits. They did not try to measure the returns. The reason they did not do this is because, as with any investment in a factory or a machine, the costs are readily visible, are immediate, are incurred in the present fiscal year or the next fiscal year. Just as with a machine, the returns, the benefits of that investment accrue over a period of time. They are less clearly predictable, more amorphous, and in many cases, have to be done on a bit of a leap of faith after we have examined all the issues we possibly can.

It is exactly the same thing investing in people on welfare, but the benefits are there and they are clearly measurable. The numbers are so massive that you can make very, very conservative assumptions, and on the basis of those assumptions, the whole SARC stage 1 could almost rapidly become self-financing. I cannot promise that obviously, and even if I did promise it, my promise is not worth anything anyway. But I think if we figure the ancillary costs that are associated with people being on welfare and try to make very modest assumptions about the kinds of savings involved, it very readily gets the net cost figure way down from \$400 million, \$600 million or any other number you choose to impose.

For example, we know that it costs \$44,000 a year to keep somebody in a correctional institution. There is a lot of evidence that people on low incomes have higher probabilities of winding up in correctional institutions. It does not take a lot of reduction in the inmate population in corrections to generate very substantial savings for the social assistance system.

Yesterday, in Kitchener, the director of the Lutherwood foundation told me it costs \$40,000 or something very close to that to keep a child, a youth, a teenager in its day treatment facility for a year, but the cost of putting anyone in a psychiatric hospital is \$60,000 to \$80,000 a year. You do not need to reduce the case load very much in any of those areas to generate a lot of savings that must, in any logical process, offset against the direct and immediate outlays that occur with stage 1 of SARC.

As I say, SARC chose not to try to cost these numbers because they would be guesses and if you make guesses you get shot down very easily. From their viewpoint, that makes a lot of sense. But if we figure that a social assistance mother in Toronto with two kids and high shelter costs gets about \$1,000 a month, which is approximately what she receives, and if by boosting that amount in some way—I leave the details to you as to what you recommend—we can reduce the likelihood of her child, for example, winding up in a psychiatric hospital and thereby save the province \$60,000 to \$80,000, we do not need a lot of reduction in order to pay for any increase in the welfare payments.

The magnitudes are so massive in this area that the \$400 million that has been everybody's stumbling block is an absolute red herring as far as I am concerned. I cannot give you an exact number of course, and nobody can, but it is self-evident to me that it has to be way, way below that.

The key issue here is whether there is a link between increased welfare payments and a reduction in these ancillary costs in the correctional system or any of the other systems I am talking about. Again, I cannot give you a mathematical equation, a regression coefficient or something like that, but all the evidence—there was a study about two or three inches thick commissioned for SARC that was the most exhaustive review I have seen of the literature dealing with the mental health consequences of low income.

Virtually every study that was cited indicated there was a clear link, and it just strikes me intuitively that there has to be that kind of link between low income, poverty and the so-called cycle of deprivation. Add into that this magic number that nobody seemed to know before SARC came out, that 41 per cent of our social assistance case load in Ontario is kids. I am sure everybody who has been here has told you that number, but it is a frightening number, a shocking number. If ever we are going to break the cycle, this is where we have to start. It is these kids growing up on welfare who are the ones at most risk of winding up within the correctional system, winding up within the mental health system, winding up in the direct hospital system.

I would argue that if we can bring ourselves to think about investment in people in exactly the same way we do when we are talking about—you, as a Legislature, subsidize or give grants of various sorts to private enterprises that are making investments in depressed regions or whatever else. If you would use exactly the same evaluative criteria, recognizing that the benefits cannot be quantified in the same way but making any kind of assumptions you want, it does not take much in order to show that the cost of this program is a lot less than everybody has been talking about in the press.

I see I have taken more than my 15 minutes. I have not really got into the details of the work incentive program. The details of it are technical. I can certainly go over them, but the bottom line of it is that in certain areas Ontario stands alone among the provinces. Ontario is the only province among the 10 plus the two territories that does not allow someone on social assistance to offset or to write off mandatory deductions at source as she begins to work. It means that if a single mother earns a dollar, she may be subject to the withholding, let's say, of mandatory union dues, some tax, something like that. The social assistance system treats her as if she were walking out the door with that dollar in hand.

The other issue is that the treatment of work expenses is absolutely inadequate. We allow a single mother \$40, or in some cases, \$50 a month. I learned when I was doing the study that the only single parents who are able

to do part-time work these days are the ones who have free child care, meaning in practical terms the ones who have a mother nearby who will look after the kid while they go to work, because subsidized day care places are hard to get.

They do not exist everywhere, of course, and the result is that if a mother has to go out and buy marketplace child care, which in Metropolitan Toronto is \$500 or \$600 a month easily, and she starts to experience in excess of a 100 per cent marginal taxback or benefit reduction rate as soon as she hits \$240 a month, she winds up subsidizing the day care operator. It is just profoundly economically irrational. The surprising thing is that so many mothers do it.

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In the month of December, which is a high-employment month because of Christmas, particularly for part-time and temporary work, one out of seven single mothers in the province reported some part-time earnings, 11,000 out of a case load of about 77,000. The surprising thing to me is not that so few mothers try to work, but rather that anybody does it. All that can suggest to me is that their work ethic or their desire to get out of the system is a lot stronger than their own economic self-interest.

With that comment, I will stop and you can have the next 10 minutes.

Mr. Chairman: Thank you very much. I appreciate the way you have presented it, particularly the fact that you have gone and talked to people in Kitchener-Waterloo about it, and also the fact that you have used our jargon, I suppose, in talking about financial repercussions.

Dr. Lightman: I am an economist by training. My doctorate is in economics and I used to teach at the London School of Economics as well.

Mr. Mackenzie: I am wondering if you have any reaction to, or if indeed you consider of any importance the difference in the cost of the first phase, the \$400 million, as against the Treasurer's \$600 million.

Dr. Lightman: It is actually quite easy to reconcile them. In part, the Social Assistance Review Committee estimate of \$400 million would now go up to \$450 million, without question, because the figure was done a year ago. Building in reasonable inflation, it goes up to \$450 million.

Most of the difference is in the assumptions or the estimates as to how people will respond to the work incentives. Quite frankly, both sides are pulling numbers out of the air because one simply does not know how people will respond to a financial incentive. It is exactly the same issue as operates on the personal income tax system when the treasurer, federally or provincially, allows a deduction or an exemption. We have no idea how many people will respond to that. The two sides have just made different estimates about how many single parents will respond.

Mr. Mackenzie: You obviously put a lot of importance, as I do, on the incentives. They have to be there and be as generous as possible if we are going to use them.

There is one other question I would be interested in your response to. When we do a budget in Ontario, it always has a fairly specific set of economic forecasts. What we have never done, at least not in the budgets I have started to look at in Ontario, is a social forecast as part of that

budget preparation and budget presentation—where we are at, where we have gone and what has happened in terms of gains or losses. Unfortunately, there appear to be more losses in recent years. Would that be useful?

Dr. Lightman: I think it would be extremely important. Academics have tried to develop sets of social indicators. Statistics Canada tried to do it at one point, but Statistics Canada is uncomfortable with it because to try to measure the state of the nation's health, for example, is inherently more subjective than measuring unemployment. I think it would be an extremely useful exercise and I am very sorry that it is not more widely done. Again, you do not need precise numbers in order to make the points that are relevant.

Mr. Mackenzie: You obviously feel a first consideration of this committee should be to make sure the first phase of the Thomson report is implemented. Do you have any suggestions along with that in terms of what should be done taxwise, because the competing demands are not only SARC, of which I think there is growing acceptance, but health care, education and a number of other fields.

Dr. Lightman: Ultimately, you have to make those decisions and I am here to try to persuade you that I think SARC should be a priority. I recognize that environment and health care are always up there, cap in hand, and other areas as well, but there are a number of reasons I think you must act on SARC as a priority right now. I can just give you three very quickly.

First, I think there is a momentum right now with the report. There is a honeymoon, as it were, immediately after a report comes out. A year from now that momentum will be gone. There will be other priorities on the table. Sure, in principle it could be revived a year from now, but I think it is unlikely.

Second, provincial unemployment in January dropped below five per cent for the first time. If you walk along Bloor Street, you will see all kinds of signs saying, "Help wanted, help wanted," particularly for short-term or limited hour, unskilled work at or near minimum wage, precisely the kind of work a single mother can do as she is trying to wean herself from the emotional dependence on welfare into the work world. Now is the time to do that, because business needs the labour force and the women want to work, and it is the welfare system that is stopping them from doing that. That is the second reason.

The third reason is that the big ticket item on page 1, of course, is the shelter subsidy; it is not the work incentive package. But you are going to have to do something about that shelter problem, anyway, and you might as well do it through the Social Assistance Review Committee. People have to live in Toronto, and if a single mother is getting \$1,000 and has to pay \$600 or \$700 for market day care, she has nothing left to live on. That shelter problem is going to have to be responded to in some way, and if you do not do it through SARC, where at least it has the benefit of a coherent package—which, as you say, many people accept, but not necessarily everybody—it is going to have to be done separately, anyway. You cannot have people sleeping in the streets.

There is a fourth reason, quickly, and that is that the low-income population has fallen behind. In the SARC report there is an indication that last year's sales tax increase has adversely affected low-income people, that the sales tax credit the Treasurer (Mr. R. F. Nixon) gave was not enough to offset the increase in expenditures. But that was a back-of-the-envelope calculation.

Mr. Mackenzie: You have touched on the last question I wanted to ask. Given that part of the approach is to proceed with the recommendations, can we do it in isolation, when we are talking about shelter costs, which is a major part of the problem for so many lower-income people? Can we do it without also making another part of the package—moves, tax moves, if you like—to deal with speculation, to deal with flipping, to deal with the costs of housing, which certainly enter into even what is forced down to the lowest level?

Dr. Lightman: That is certainly an important question. I do not think the SARC report in any way attempts to deal with the grand housing crisis in the province or in Metro, or in Kitchener-Waterloo, as they told me yesterday. I think all the shelter allowance will do is stop low-income people from falling farther behind. It is not going to improve their housing, but it is going to stop them from being evicted; it is going to stop some of them from being tossed out on the street. Clearly, the housing problem is a mega-issue that has to be dealt with on its own. This will not in any way make a dent. Nobody could even seriously argue that this money is going to build more houses. All it is going to do is stop these people from falling behind on a short-term basis.

Mr. Mackenzie: And in one or two more years, if we do not take the collaborative steps to take some of the heat out of the housing market, we are back in the same situation, even in terms of the lower-income people.

Dr. Lightman: Absolutely, in terms of everybody. As I would see it, it is basically buying time in order to give the government or the province or whoever time to sort out some response to the housing problem.

Mr. Chairman: Mr. Ferraro, Mr. Jackson and Mr. Kozyra.

Mr. Ferraro: I have two questions for Mr. Lightman. I apologize for being late. I did look over your notes and will read them more thoroughly. But I did enjoy hearing the part I was here for.

My question to you is vis-à-vis the work disincentives, particularly for those individuals on family benefits. I wholeheartedly concur with the logic you are presenting and others have discussed. Can you indicate to me or do we have any idea how many single mothers and/or fathers on family benefits, irrespective of the disincentive to work over and above the \$190 and substantially greater once you get to \$240, would still be working? I am trying to get at the stereotypic lie, if you will, being presented by a lot of people.

Dr. Lightman: To try and isolate it by particular groups, it was very difficult to disaggregate the data when I was doing the original study. The only number I got was the one I presented here, that of a case load of 77,000 single mothers in the month of December, most of whom would be on family benefits but some might be on short-term general welfare assistance waiting to get to family benefits, 11,000 reported some earnings. That does not indicate where they are on the tax—

Mr. Ferraro: Thank you for repeating yourself. I did not hear that figure. I guess it would be safe to say that there would be—would you hazard a guess at a percentage?

Dr. Lightman: No. All I could say is that, from my own viewpoint, I would love to meet those 11,000 and find out why they do it, because I certainly would not.

Mr. Ferraro: No. I agree.

Dr. Lightman: I just think that they presumably have a stronger commitment to the work ethic than I do.

Mr. Ferraro: I think it is silly.

Let me piggyback on the question that Mr. Mackenzie was asking you. You are an economist and a social planner. There have been many discussions throughout the province at all levels vis-à-vis shelter, the idea of rent controls and all the rest of it. Would you care to give your thoughts as to whether or not the government—and I say this in a non-partisan way—should start discussions about direct shelter subsidies and looking at phasing out rent controls; or indeed, should they be promulgated, as far as you are concerned?

Dr. Lightman: My opinion would be my own, not the group's that I am speaking on behalf of.

Mr. Ferraro: Sure. That is what I am asking you for.

Dr. Lightman: I guess I am an atypical economist, because I believe that in a very tight market, rent controls have a place. I do not think they would be necessary in the long term if there was an adequate supply; but I think rent controls are necessary to protect low-income people in the short term.

Mr. Ferraro: As opposed to direct shelter subsidies?

Dr. Lightman: As opposed to direct shelter subsidies, yes, I think so, because in a very tight market, direct shelter subsidies often get swallowed up by landlords and do not really protect the people that they are supposed to. That, unfortunately, is one of the risks of the shelter subsidy in phase one. So, in a sense, I think they are a necessary evil. They might not be necessary across the whole province; I do not know. But certainly in Metropolitan Toronto they are quite important.

Mr. Jackson: Dr. Lightman, that was the area I wanted to discuss with you, given your financing background and your assumption that rent control was a lesser evil. But you did put the codicil in that outside Toronto, probably not; but within Toronto, yes.

But I think it would be more fair to say that you are not an expert in the area of rent control.

Dr. Lightman: Absolutely. I spoke at one housing conference once and that is it. Probably I should not have responded at all.

Mr. Jackson: That has been an area of my economic professional activity outside of this Legislature for the past 15 years, so I have studied it extensively and I—

Dr. Lightman: I defer to you.

Mr. Jackson: No, do not defer to me. I just wish to ask you some further questions. I believe in, and it is our party's position to support, shelter subsidies, as has been the position of Dr. Stuart Thom, who presented an outstanding paper which dealt at length with a semi-regulated system—but we will not call it rent control—with its parallel shelter subsidy program. As the New Democratic Party and our party have exposed in the House, the average rental increase that has been applied for above the guideline in Ontario has been double-digit: 12 to 14 per cent. I have buildings in my riding with 35 and 45 per cent increases. Clearly, rent control is a means of increasing rent, period. As an economist, you recognize that.

Dr. Lightman: Yes.

Mr. Mackenzie: Include us in that, Cameron. I want to add the provision that we do not necessarily agree with you in terms of the need, temporary or otherwise, for rent controls.

Dr. Lightman: I recognize that it is a more complicated question. I was given a dichotomous choice and I made the mistake of choosing one of the two options, rather than saying it is a very complicated question, which it clearly is.

Mr. Jackson: Let me ask you a question directly. Just to make sure that I do not mislead the committee, the NDP supports the universal nature of rent control. The party members may be discussing it internally, but that is their current public position. The Conservatives' position is completely opposite: A system that is universal always punishes the poor. Therefore, we do not support that system.

May I ask you, then, what you feel are the major inhibitors to the government taking seriously the concept of shelter subsidies, which really flies in the face of the structure and the philosophy of rent control, which is a universal program?

Dr. Lightman: I do not know. There may be political issues that are involved there. I certainly cannot speak for George Thomson or for the Social Assistance Review Committee, but I would guess that if there were some alternative way of ensuring that the housing needs of people on social assistance could be met, I do not think the committee would be particularly hung up as to whether it was through one form or another. I think the reason they recommended the increase in the report the way they did was that it was seen as a crisis situation and that this is just an emergency, an immediate response to buy time. But the committee did not really get into any discussion about what the longer-term solution is or even medium-term, because clearly the long-term solution is an increased supply of housing.

And in the medium-term, it is in the medium-term that we trade off rent controls versus universal shelter subsidies, selective subsidies or any of those things, they really did not deal with that.

They did sort of a content analysis of all the briefs that were submitted and, as far as I recall, the first and most common problem that was voiced over and over again was that people have nowhere to live in the high-rental areas. And putting the money in at least, as I say, will buy some time, but I think that is as far as they want to go and as far as I would want to go myself.

Mr. Chairman: We have run out of time. I have two other questioners.

We do have a gap. Do you want to continue on? No?

Mr. Mackenzie: Take another five or 10 minutes and allow the two questions.

Mr. Kozyra: I have a quick question. You speculate on the reasons behind this unprecedented coming together of what were seen as disparate groups in support of Transitions. Is the report that good? Or are the reasons for it that painfully obvious?

Dr. Lightman: I think the situation is so bad that I think everybody understands—I mean business understands—that there is a labour shortage around and they cannot find people. I think everybody understands that the way welfare is structured right now, it is tossing money into a pit. Given that this is the first time the system has been looked at comprehensively, I think everybody has come together with the view that it should be given a try and if it does not work—governments cannot commit themselves beyond the fiscal year, anyway—I think it is as much a sense of desperation as anything else.

One of the very frightening things—I assume that point has been brought before you as well—is that for the first time perhaps since the war, the unemployment rate and welfare rates are not closely following one another. Historically, as unemployment goes up, welfare goes up, and they go up and down together. But since about January 1985, unemployment has started dropping and welfare has stayed level.

We are into a system here that is going to cost us more and more money, particularly if any substantial number of that 41 per cent of kids wind up on welfare again. We are at the risk here of having these costs really take off exponentially, and given that welfare is a statutory program of last resort, you have to pay it. You can pay more, you can pay less, but you cannot just shut down the program the way you can other programs, because then people starve to death and freeze in the streets.

There is a limit to the extent to which you can control the costs in any way, and I think people understand that trying to impose some rational plan on the spending makes more sense than just throwing dollars up in the air and keeping one's fingers crossed.

Mr. Kozyra: I would like to touch on the 11,000 that you call the economically irrational because they go back to work, and speculate that part of it may be that their sense of economics and benefits are not as great as yours, or even mine, which are much less than yours. Also, it may be a mixture of a kind of short-term gain with hope and despair all mixed together.

Touching on that is a kind of work incentive and disincentive, you drew a bit of a cost-benefit analysis by saying, even if one in five went back, that would equalize the thing. What is your speculation as to how many would go back with the proper incentives?

Dr. Lightman: I cannot give you a number. I think it is an empirical question.

Mr. Kozyra: It is certainly more than one in five.

Dr. Lightman: I do not know. I cannot say. I drew the number one in five just to show that that would be the point where the program would be self-financing. But I do not know if that is an appropriate evaluative

criterion to use, to expect the program to be self-financing. I do not know.

I also suspect that the payoff is not going to come immediately, because there is a dependence on welfare that people develop. If a single mother has been on welfare for five or six years, there is a fear of losing things like the drug card or the dental card and having to go back on welfare, and a fear that if one leaves the system one will not be able to get back on. There is a distrust of the welfare system on the part of single parents, because the rules and the workers change so often and the whole system is so capricious that it is going to take time and education for the people to understand that this really is a changed ball game and that there is reason to respond. It would ultimately be up to you in year 2 to decide if you want to continue it or if you do not.

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Mr. Kozyra: Have you done enough study on this whole program of work incentive and work disincentive to analyse what has caused us to come up with a program so complex that it actually is a disincentive?

Dr. Lightman: Yes.

Mr. Kozyra: Certainly, I do not think they started out to create a program--

Dr. Lightman: It is incremental decision-making, where each decision is made independently of each other--the \$200 shortfall a mother has if she leaves welfare and goes to work at minimum wage. On welfare, if she has got two kids in Metropolitan Toronto, she gets about \$1,000. If she goes to work at minimum wage, she takes home about \$700 or \$800. There is a gap of about \$200. That does not make sense.

But it is because decision-making about minimum wage happens over here in one ministry, you know, one decision-making process; welfare happens over here, totally independently, and the two do not come together.

Mr. Kozyra: I guess that underscores the rationale in advocating the total adoption of this report, rather than piecemeal, because it would just be that way again.

Dr. Lightman: It is your decision or the decision of the Treasurer, ultimately. There is nothing that binds you to buy the whole report, but we think it makes sense.

Mr. Kozyra: I realize that, but the rationale under it is so it is not piecemeal again.

Dr. Lightman: The rationale underlying it is that it is a single coherent package, but, at the same time, it is in five phases to be phased in over an undefined number of years. So it builds in a sort of a coherence and an assessment, because after year 1, if you go to year 2, you are going to--

Mr. Kozyra: One final question. If, for economic, political and all kinds of other reasons, phases 2 to 5 became impossible, is phase 1 still worth going ahead with?

Dr. Lightman: Yes, absolutely.

Ms. Collins: ---I am just trying to make up for yesterday.

Just as a follow-up, yesterday in Leonard Shifrin's column, he talked about the strategy being used by the groups and that, though it is fine to implement phase 1 and give people more money to live on, it is the structural changes that are needed. It sounded like he was concluding you should perhaps be strategizing around the structural changes, rather than devoting more money to it.

Dr. Lightman: I do not know precisely what he means by structural changes, but the work incentives are certainly a structural change.

Ms. Collins: Which is included in phase 1 anyway?

Dr. Lightman: Yes.

Mr. Chairman: A good question.

Mrs. Cunningham: Just to add to the response you gave to one of my colleagues over there, the other problem with the system is that it was designed some 30 years ago, when society was very different and single mothers did not have to go to work. They had an extended family. That, I think, is the basic problem with the whole system, that the world is a very different place. That system was set up for people who had extended families and communities, who stayed home and raised their children. That is not what is happening.

On the other part that Ms. Collins talked about, the structural changes, I think we could probably find the \$200 a month easily, within the system itself, if we were to refine the system. These people spend so much time travelling to some 15 and 20 social workers a year—I do not mean to use that terminology, because it is more than that.

Dr. Lightman: I use it too.

Mrs. Cunningham: In order to be accountable to us, they have to make these trips on a daily basis to all the people that we expect them to report in to. If that structure is not changed, it cannot happen.

We could save money just by changing the structure and not doing the other part, except somebody has to do something immediately and the other is the easiest to do. We could take the \$200 we are spending on all of this administration and give it to them and it would not cost us anything. Nobody has to come up with anything.

A question to you and you can respond to that remark. I would appreciate it. In my work, if we were to give the people that I dealt with, that mother with two children that you used receiving \$1,000 a month, which is more money than what we are used to giving them—by the way, it is a happy number for most families. Most of them get between \$650 and \$750, at least where I come from in London, Ontario. I know they get more here—if we were to give the people the money and say, "Now, you spend it on shelter," the same way we do to some young people who are called students—for whatever way they get their money, and you work in that world—and say, "All right, if you were to be creative with this money, you could raise your children, and you could spend your money on rent or in any way you want to. As long as you can prove to us that you are taking care of your children, go to it."

If we gave some of these families that kind of incentive, they would

find a way to spend \$200 and \$300 a month on rent. They would share homes with other women. They would go into different apartment houses. They would find other places to live. But that is not the way it is struck. If they move from someplace where they are paying, unfortunately, \$600 or \$700, even in Kingston, Ontario, to a place where they can pay \$300 and save us the money, we take it away from them.

There is another incentive. If we were to say, "Be creative with the \$600 we gave you for rent and find another family to live with or go live with your parents and pay them \$300 or \$400, or an aunt, to help her in her home as an elderly woman who is trying to maintain a home with raising taxes and what not," if we would allow them to do that—not all of them, because they are not all able to do these things—I think the ones who could would, and there is a great majority of them.

Have you ever looked at that? Am I right? I have worked in the field for a long time.

Dr. Lightman: Again, you are asking me about shelter subsidies and it is not an area I have really studied enough to comment on. Certainly, anything that increases the decision-making capacity of the single mothers, anything that empowers them in general is a good thing, but at the same time, the risk is that some of them will not be able cope and they will just fall by the wayside. We always have to have enough supports built in.

Mr. Ferraro: Can I have a short supplementary? I think Mrs. Cunningham is bang on. I am sure you know more about it than I do, and certainly Mrs. Cunningham does. Just to relate to the committee an experience I had as a member, there was a young fellow who was living with his mother; she was on family benefits, I guess, mother's allowance. He came to me and he wanted to borrow \$75 from some agency or something so he could buy a chainsaw, because he had a job offered to him to cut wood. He could not get that. The difficulty was that he was living with his mother and younger brother. Talk about disincentives.

Here is what happened. If he were to go out and earn money, they were going to cut down the mother's allowance by \$50 a month. The solution to the problem, according to the system—and it is exactly what Mrs. Cunningham said—was for him to take an apartment upstairs above his mother's, entirely subsidized by the government. In other words, to keep his mother from losing \$50, it cost the taxpayers of Ontario \$450 at that time to pay the rent for this young man who only wanted to do a job and make a buck. I think that is exactly what she is saying.

Dr. Lightman: Part of the problem in that particular case was that work-related expenses are not properly provided for under the present system, and the work incentive package being recommended would allow reasonable deductions for work-related expenses. He would be allowed to buy that saw if he could persuade a worker that it was a necessary expenditure, and presumably in this case it would not have been difficult.

The Vice-Chairman: Thank you for your presentation and good thoughts. We have two individuals from the children-at-risk program and the Laidlaw Foundation. As the presentation is being handed out, I would state that we have approximately 35 minutes, so until about 10:55 a.m. we are completely in your hands.

GORDON CRESSY
MALCOLM SHOOKNER

Mr. Cressy: Good morning. My name is Gordon Cressy. I am a vice-president of the University of Toronto. I am accompanied by Malcolm Shookner, who is head of the North York Inter-Agency Council. Our document is in front of you. I do not propose to go through it. Rather, I would try and highlight five critical points, then I will have Malcolm comment and we will be glad to handle questions.

My background is one as a social worker by training. I was the head of a group home for some four years, the chairman of the Toronto Board of Education, a city alderman for some years, president of the United Way of Greater Toronto and now vice-president of the University of Toronto. Through that background, I think I have had a unique opportunity to view the social welfare system in this province. I also have more than a passing interest in the Social Assistance Review Committee in that my wife, Joanne Campbell, the chairman of the Social Assistance Review Board, was vice-chairman of SARC.

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I want to start by saying that I think this is a seminal piece of work on social welfare in North America in the latter part of the 20th century. I think it is that critical a report, and I think it should be treated as such.

In listening to one of the questions at the end—Why the convergence of opinion around this document?—I think it was clear at the outset that the churches, the social agencies, the labour unions, the people who are recipients of service would support the document. What was more interesting and continues to be of interest is the very strong corporate support that is emerging, both from those who signed the full-page ad in the Globe and Mail and others who did not sign but are making very strong forces behind it.

I think that convergence is the reason it is so important that this document be implemented. I suspect the reason for the convergence is simple: that things have gone well in this province for the last six or seven years, but in going well, the losers continued to lose. That is a critical piece of information. What we have created is a permanent underclass in our society in good times, and I think that is something everybody has to look at very hard. In effect, what we are in the process of continuing to create, because of a muddled system, is a society that is for winners and losers.

What this document does in a very cogent way is change the odds in a rational manner. I remember as president of the United Way, as we tried to reach out to the ethnic communities there was some resistance until we were able to show that 70 per cent of small business was owned by first- and second-generation immigrants, and then it became an economic issue rather than a social justice issue. The reason in my mind for this convergence is that you are bringing social justice and economics into an equation that works, and the business community therefore says, "This makes sense for us."

When I was on Metro council, we had two large budgets: one was social service and the other was police. The linkage between those two issues is a critical one, and either we will develop a society that is based on law and order and protection or one that is based on prevention. It seems to me that what this report does is build for the future in a very solid way.

My concern is that what the document did was smash for ever stereotypes

about welfare: who is on it, who uses it, how long it is there. Therefore, in and of itself, the document has served a useful purpose, but unless deeds outrun words, this document becomes another document that is useful to look at rather than one that was implemented.

That is why I think this budget year becomes a critical time zone. If we cannot implement when times are fairly good, when times get bad, we know what emerges: unemployment goes up, crime goes up. What we are trying to do is stop the cycle cold. In my view, this document works at that.

I think the thing that has emerged in an expectation set in this document is very interesting: the people want it, the general public.

I am one who understands the competition that is in front of you, as one who is a booster of higher education and feels that university funding is not as high as it should be. That is an item for you. Health is an item for you. What this document does is go to the core of the future in terms of building a sane society. It seems to me, therefore, that it is incumbent on this group to recommend very strongly that we start it and then we see it through.

I think the data are overwhelming for you. What is the magnitude of the dollar number? Does it fit? In my mind, quite simply, we have no choice but to implement it.

I would like to turn it over to Malcolm now and then we would be pleased to answer questions.

Mr. Shookner: I thought I would bring to your attention a few of the current economic and social trends we are looking at as we examine the Transitions report and its implications.

We are looking at spending \$2.3 billion a year, almost five per cent of the provincial budget, on a system that does not work. It has systemic traps, disincentives to work and is increasing the prevalence of child poverty. That in itself is disturbing.

In the early 1980s, even in the midst of recession, about one in 20 Ontario citizens was receiving social assistance. By 1988, the problem had worsened and one in 18 people was receiving benefits. In 1989 projections, more than one in 17 of Ontario's citizens will be dependent on social assistance. We find that an alarming increase.

We have had six years of record economic growth in Ontario, yet the promise of the trickle-down theory of economic prosperity is not working, not when the numbers of children living below the poverty line have actually increased by 25,000 to over 200,000 since the research for Transitions was done in 1986.

While the number of unemployed in Ontario has dropped from over 140,000 to fewer than 70,000 last year in January, the number of families dependent on social assistance has remained constant at over 100,000. These are the numbers related to Dr. Lightman's comments about the relationship of employment to poverty.

Looking further beyond those cold, hard facts, we are looking at the possibility of reducing the gap between social assistance rates and the poverty line and seeing a concomitant increase in the health status of the poor. Recent research has strengthened the case that the poor get sicker more

often, die sooner and impose an extensive burden, in some cases, on the health care system. We believe that with increases in the social assistance rates and related administrative controls in the health system, we would actually be able to realize a reduction in health care costs.

Projections of the decreasing number of youth in the next decade who will be entering the workforce compared with the increase in the proportion of the population who are ageing, highlights that our labour force will be more dependent than ever before on a proportionately smaller number of young people.

The risks of marginalizing these young people through an upbringing that is below the poverty line has serious social, health-related and education-related consequences for our pool of talented and motivated young people. Clearly, we need to rethink our assumptions about the whole social assistance system. The principles in the Transitions document provide us with a new set of assumptions upon which to restructure and reform the system.

I am sure you have heard the concerns that have been expressed about throwing good money after bad into what has been seen as the black hole of social welfare. But what we found during the course of the public awareness campaign is that there is real support in the business community for the idea that we should look at our current government expenditures, that \$2.3 billion, and make the restructuring of the welfare system a priority, even perhaps to the extent that it may eclipse other priorities such as education and health; yet, we do not see that as eclipsing those priorities, but rather that poverty is intimately related with education and health and the cost thereof.

We believe that the investment that is being proposed has the potential to realize real savings in education, health and the justice system over the next decade.

The first-phase recommendations signal major moves in the adequacy of rates, incentives to enter the labour force or community life, and simplifying the complexity of the system. Now is the time to make the political commitment and the economic investment, starting with the \$400 million needed in the 1989 budget.

Mr. Mackenzie: Just a question with regard to the cost of the first phase, the \$400 million that the Social Assistance Review Committee came up with and the \$600 million that the Treasurer (Mr. R. F. Nixon) has mused as being probably more accurately the cost: I am just wondering if it makes any difference—it is always dangerous, I guess, to say that about money—whether it is \$400 million or \$600 million in terms of the importance of the first phase of the recommendations.

Mr. Cressy: I think the response, and I did speak briefly with the deputy minister this morning, is that it is higher than \$400 million from the point when the report was tabled. I think \$600 million is on the high side. But in answer to your question, I think it has to be done. A critical signal has to be sent this year and that signal is that we are not tinkering around any more; we are either going to reform it or we are not, and we have to do it.

I think the dollar projection should be clarified for everybody prior to a decision being made, but as to whether it has to be done or not: In my mind, it has to be done.

Mr. Mackenzie: A second question similar to one I asked previously. So that we are not facing somewhat the same situation one, two or three years

down the road, does it make sense in looking at this budget year to also take a look at what we can do to prevent some of the heavier costs? I am talking about the shelter costs and that they should be brought under control, however that may be decided. It will not necessarily be my preference, which is certainly to take a look at speculation and flipping. But whatever method is used, should that be part of the package in a budget that the Treasurer brings down?

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Mr. Cressy: I guess from my perspective there is no question that housing is the critical cost item for almost everyone. How that is sorted out is a critical juncture. This is that kind of time too. There is a relation, there is no question about it.

Mr. Mackenzie: Finally, I have just a small request. I can still laugh around this place, although there are days when it is a little bit difficult. I would appreciate in your brief if there were not a question as to whether it is Liberal or New Democrat—my position and that of my colleague who is certainly a New Democrat who is listed as a Liberal, also.

Mr. Cressy: I noticed that. I had nothing to do with that compilation.

Mr. Mackenzie: It is clearly on the record what I am not.

The Vice-Chairman: Karl may need a new letterhead. Mr. Kozyra, then Mr. Morin-Strom and Mr. Ferraro.

Mr. Kozyra: Mr. Cressy, you refer to a society of winners and losers. I would like to pursue that a little bit. I guess one of the things about this report is that the growing awareness has shaken us from a comfortable feeling. We never thought we were a perfect society; we thought we were pretty well off. It has made us aware of what a gap there is between the wealthy and this large number of poor which we normally thought were relegated to Third World countries and so on.

I am wondering if you could expound a bit more on just what it is in your estimation that is creating this society of winners and losers so strongly and increasing the numbers.

Mr. Cressy: I spent a chunk of my life working in Regent Park from 1967 on. There is a distinction from the Third World, because as a former Canadian University Service Overseas volunteer and chairman of the board of CUSO, I can say that our people at the bottom are a lot better off than the people at the bottom of the Third World. That is an irrelevant comparison because we have a different standard.

I think it is a system that somewhat by design at least, if not by intent, keeps people at the bottom. The welfare system I think is self-perpetuating. It would be interesting to note that the highest concentration of beer, wine and liquor stores anywhere in Ontario is on Parliament Street. The taxation from that comes back into the system. People who are on welfare are often blamed for drinking too much. It is interesting to me that we lock those two by design.

In my experience in the 1960s, it was interesting that the ward I represented had three vocational schools, not one academic high school. They

were all located in the same geographic area. In effect, what you were doing was creating a lifestyle expectation for people that you are going to stay at the bottom rather than try to broaden the expectation out. What you do is get one isolated person out. What this is designed to do is move the whole system. I think that is an important kind of thing to do.

In effect, it changes the odds for the first significant time. My sense now of the business community is that the blaming-the-victim mentality that some of us have used, very frankly, has got to stop. I think one of the things to do about that is give people back their dignity and their pride so that they are proud of where they are and where they live and you change expectations.

Changing a vocational school to an academic high school, which we did in the same geographic area, all of a sudden gave for kids, "Here is where I want to go," rather than, "This is where I am going to go." It does a lot with role modelling from parents to child.

My sense of what this document did was start to say that most of the people on welfare are kids and their mothers. That is not what the common sense was. That is why I think the public awareness campaign is an important campaign. Every time you sit down with chief executive officers and you go through this document, they are blown away. Allan Slaight, the chief executive officer of Standard Broadcasting Corp., read the whole document. I do not think many people have read this document. He came away saying, "I am absolutely stunned by this." They are rising up.

I think the document itself is compelling reading. That is why I think this has started to happen. We are starting to change fundamental attitudes, and those are attitudes held in the public mind.

Mr. Kozyra: I would like to ask a question on what I refer to as the window of opportunity that exists at the present time. You touched on it. You felt it might not last. How long do you feel it will last before other forces and pressing needs come in, so that if we take it beyond that point we will have blown this opportunity?

Mr. Cressy: The time is now. This is the critical opportunity. I have rarely seen as impressive a lobby—if you people have been around the political arena as long as I have—that has coalesced groups. If you miss the time, it is gone. It is as simple as that. A year from now there will be interesting discussions, but this we have seen the health crisis; we have seen it in education; we have seen social services in the broadest sense—three major areas, but all linked by this one.

That is the profound investment strategy that is based on this. When I in group homes, living in it was \$18 a day per diem. Today it is \$125 a day per diem in group homes. I have to tell you that if this thing gets into place, a lot of kids do not wind up in group homes down the road. They are home.

I just think this is the time to act. Not to act is to act, and you do not have these opportunities very often.

Mr. Morin-Strom: In terms of Canada, and certainly here in Ontario, we are failing to recognize the fact that in many of our communities we have the appearance of having Third World conditions. I think my colleague from northern Ontario would recognize that this is particularly true in northern

Ontario where, tragically, our country's first peoples are, in many of their situations, facing conditions as bad in terms of poverty and the kinds of circumstances you are relating to, and why we have to deal with these SARC recommendations, and not just for the sake of urban poverty; there certainly is rural poverty, particularly with respect to our first peoples in the province.

I would like to ask if you could give us a little bit of background with respect to the Laidlaw Foundation, which from all appearances has been heavily involved in terms of the organizing of a very effective cross-disciplinary, right-across-society push for the implementation of the Thomson report. What exactly is the Laidlaw Foundation and how did it get involved in this particular lobby, I guess we would call it?

Mr. Shookner: Perhaps I could respond to that. I am not here representing the Laidlaw Foundation, but I can describe it a bit from my association with it through this campaign.

Essentially, it is a nonprofit charitable foundation that has been in the business for a number of years of putting its modest resources into basically risk ventures in human services—new ideas and innovative ways of addressing traditional problems. More recently, the foundation has wanted to take a more proactive approach to dealing with social issues, and it was during that time that the Thomson committee was touring the province, conducting public hearings and receiving the 1,500 or more briefs it had to read.

It was a combination of these events, I think, that led the officials from the foundation to decide they felt it was time to actively support a public campaign to address the critical social issue of poverty. They produced a paper on children at risk which looked at some of the new research that had been coming to bear, such as the Ontario Child Health Study that was funded through the Ministry of Community and Social Services and other kinds of research broadly across the continent, which makes the case compelling for the relationship between poverty and childhood problems. So it was recognizing the extent of the problem and the research to document it.

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The public environment created by the public hearings and the openness with which the Thomson committee carried out its work and the political and economic situation that we find ourselves in now, which Gordon Cressy was referring to earlier, recognized that so-called window of opportunity and tried to find a means by which all those people around the province who seemed to want change in social assistance could come together and express the public support that we knew was out there, but somehow was not being heard when the report was released. I think we were all busy holding it in our laps and trying to wade through the incredible depth and complexity of it.

As well, there was no single organization that had the broad mandate and interest that cut across all the ages and all the issues that are addressed by the report, so it was not easy for the foundation to find some way of expressing that.

What happened was the coalition came together. A few people pulled together and started meeting to talk about what we could do and how important it was to get the word out to people across the province about the report and its implications, to talk about the economic investment arguments, to talk

about the affordability questions and to dispel the myths, based on the facts that were unearthed through the commission. It was time to help the people across the province to mobilize community support in their own communities.

This coalition grew very quickly through person-to-person contacts, through the kinds of networks of involvement from people not only in social services but in education, health, the business communities, the churches, all of whom were experiencing the problems in one way or another. The churches are having people show up on their doorsteps and are having to deal with emergency food and shelter while their own congregations are, in many cases, thriving economically.

So there were a lot of reasons for the coming together. I think it was these factors that allowed the Laidlaw strategy to actually bear fruit, because there was a great willingness on the part of many people to volunteer their time and effort and to work hard to get the word out and communicate that public support to all of you and your colleagues, the cabinet and the Premier (Mr. Peterson). It is that combination of events that is part of the unprecedented nature of this opportunity we have been talking about.

Mr. Cressy: I suspect the second factor to that was simply that many of us who have been in the field for a long time have spent a lot of our energy adapting people to systems. This was a singular opportunity to change the system that many of us had felt. It was the first congruent strategy we had ever seen. The way to do that was to change attitudes. The advantage of putting the Laidlaw Foundation there was that there were some resources to put into it. I think they saw it in exactly that same light, and that is an exciting kind of situation.

Mr. Morin-Strom: Thank you and congratulations on that work. I would like to ask a question with respect to one particular issue, and that is poverty among working people. A lot of the talk today has been focused on those on social assistance and the disincentives to go back into the workforce, but we also know there is a very serious problem, and that was certainly identified in the Thomson report as well, with respect to very low levels of income among working people and the problem, particularly, of a very low minimum wage in Ontario.

I do not believe the report makes a specific recommendation, in the first phase at least, with respect to changes in the minimum wage, although it does say that the minimum wage has to go up substantially and that this has to be tied into income supplement programs to be made into a coherent whole. I would like to know if you would make specific recommendations with respect to the balancing of income supplementation versus changes to the minimum wage with respect to what the government should be looking at over the next year as it looks at next year's adjustment to the minimum wage.

Mr. Shookner: I am certainly not in a position to say that I think it should be precisely this kind of a combination. I guess the question of how much of an increase in the minimum wage is needed depends on who you talk to. Some of the business interests we have spoken with during this campaign are nervous about that, because they are worried about the affordability for small businesses to be able to hire people at the entry level in the workforce.

I am not an economist, so I am not an expert on how you would actually balance that, but we do know from direct experience in communities, stories people tell us and what we know from people's lives, as well as the facts and figures that have come out in the research, that there is overwhelming

motivation by people to get out of social assistance and to work. They run into the very real, bottom-line problems of making less money, with not only the actual level of minimum wage but the loss of other benefits. They are simply trapped.

There clearly have to be adjustments made, but exactly what the relationship would be is going to be the subject, I am sure, of lengthy and probably heated discussion about just how high our business community can afford to go with the minimum wage in relation to the need to create the incentives for people to get off social assistance.

Mr. Morin-Strom: I have a hard time seeing why the business community should have the first say on an issue that to me is a fundamental issue of human justice, ensuring that those who are in our society and producing in our society have at least the return so that they are able to support their own families with a level of income that brings them above the poverty level, and so that they have a sense of dignity.

In western European countries, the minimum wage is considerably higher than it is in Ontario. It seems to me this is an issue of fundamental justice, not one of affordability in the business community. This is not a case where one business has to start paying higher wages relative to everyone else. The business community, particularly the small business community and the service sector part of the economy, has to be forced to pay decent levels of income and give the dignity that every person and every family deserves.

In terms of family income, that certainly should be above the poverty level. You have countries like Sweden with an effective minimum wage on the order of \$7 an hour and an unemployment rate of under two per cent, so there is not necessarily a tie between jobs being cut out of our society because minimum wages go up.

The Vice-Chairman: Can I take that as a statement as opposed to a question? I have two other questioners and I want to be fair.

Mr. Shookner: If I could clarify this, I did not mean to suggest the business community should be consulted first. All I was addressing was the breadth of the support at this stage and the need to address it.

Mr. Ferraro: First, let me thank you gentlemen for your presentation. I want to concur. As a member of this committee since its inception, I think some of the veterans on this committee certainly agree that they have never seen a lobby at prebudget submissions to the degree we have seen it, and indeed will see it in the coming days. It can only lead to one of two conclusions: Either there is a hell of a lot of support out there for the Social Assistance Review Committee which I am sure is the case, or, Mr. Cressy, your wife was involved with the scheduling of our agenda.

Without question, this committee has heard nothing but positive discussions vis-à-vis SARC and the Thomson report. I would not dare prejudge what this committee is going to do, but I want to look at it from the other side for a minute. We have all had discussions and heard some of the apprehensions and concerns, expressed by the Treasurer (Mr. R. F. Nixon) perhaps, essentially about the economic cost.

Are the feds going to continue to provide their fair share? What effect is the slowdown, albeit there is an increased gross national product projection along with increased inflation in Ontario, going to have on

revenues and so forth? I wonder if either of you gentlemen would like to play Treasurer and/or give me your perception of the downside, if there is one.

Mr. Cressy: The downside is that by doing this, some other things are not done. It is as simple as that. It is a competition for limited resources.

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Mr. Ferraro: Not in the first year.

Mr. Cressy: Not in the first year, but if I am Treasurer, I have to make some decisions around the budget. I know the pressures coming from the field I represent: higher education. I know the pressures that are coming from the health care system. You are not going to make everyone happy.

What I sense, though, is that you have a singular opportunity with this one, at this time, with a ground swell of support that seems to be everywhere, across the province, cutting across the social classes. If I were the Treasurer, if I were going with this, as I think I would, I would have to make a very strong, resounding case of why we have done this, why we have not been able to do something else and that this is a future investment that will pay off for all of us.

Mr. Ferraro: Could I ask you then, on the one apprehension that has been expressed, your reaction, if indeed you have had any, from federal people involved with this area.

Mr. Cressy: The lobby has been more provincially oriented than federally oriented, although there certainly have been some discussions by the members of both the House and cabinet that has been semisupportive.

What has been more intriguing, I think, is to watch the statements of the last few weeks from the Canadian Manufacturers' Association and the chamber of commerce and the Business Council on National Issues around the federal deficit. If you hook it, it seems to be coming in, to a degree, to this area. I suspect that the kind of lobby that is taking place needs to take place again at the federal level. I cannot prejudge that.

Mr. Ferraro: I am putting it in conjunction with one of the presentations that was made. It is inevitably said the Family Benefits Act would have to be renegotiated and there was some apprehension initially in doing that at this juncture for the sake of jeopardizing what we have now, if you will, from the provincial perspective. However, I think there was concurrence and agreement that eventually it would have to be renegotiated. I am wondering whether or not you have sensed the same degree of jeopardy vis-à-vis what we have now in the present philosophy.

Mr. Cressy: There are issues related to the Canada assistance plan; there is no question about that. What is taking place is not so much a leap of faith but a leap of logic, in my point. I think that is the distinction. If logic will carry the day, then I think even if there is a renegotiation, the logic will carry the day on this one federally as well as here.

Mr. Ferraro: If we funded this and said we were going to flat-line universities, you would say that is logic then?

Mr. Cressy: No, I would not say that to you.

Mr. Ferraro: Oh, that would be illogical then?

Mr. Cressy: I would say there is a logic to funding this. I think there is a case on universities.

Mr. Ferraro: I am trying to be facetious.

Mr. Cressy: I assume you are.

Mr. Ferraro: Thank you very much.

Mr. Cressy: We have a strike on our hands at the moment.

Mrs. Cunningham: Thanks to both of you for being here today and for your very concise document with some good numbers and figures that we will be able to use in our lobby, if necessary, but I think the committee so far has been data-responsive to the presentations around SARC. I am hoping that is true of all the members. There has been a lot of interest.

Just as an observation, Mr. Cressy, I am sure you would agree with me that composite schools are pretty good things, given the geographical statement you made about when you were representing your ward, when it comes to families. Children have a choice in a composite school. That was just a statement I thought you would like to hear.

I have a tremendous fear about the way some of the discussions are going here with regard to the implementation of phase 1. Again, I will refer to the question Ms. Collins asked with regard to doing it exclusive of some of the parts of the other phases that have to do with structural changes.

I will just give you an example. If we were to go out in the field as we operate right now, without any attitudinal changes, and say that we were looking at a subsidy allowance around shelter costs, and therefore increased rates, people hang on to those kinds of statements. You might be looking at a family that is struggling with a fairly responsible rate of rent, but needs the money for other things.

I am now talking about the woman who is working two or three days a week, with the assistance of some social agency that is assisting her with child care, counselling, the support she needs. It is not just an easy thing, as we all know, of going to work for six or eight hours in the beginning because of signs along Bloor Street.

That is a very difficult thing for these kinds of families to do, often because of where they live, and second, because their own children do not have a pair of winter boots, let alone themselves.

I wonder if you would just talk a little bit about this stage 1 and whether my fears are realistic or whether there are some parts of the other stages that you think we should be looking at, at the same time.

My concerns have to do with some of the structural things that have to happen for the implementation in the field. Even with something like a \$400-million increase to the budget—if it is geared to rate increases about which, in the eyes of all of us, we can simply say to the public, "Well, the

problem really is the cost of shelter"-----I think it is more than that, and I am worried about this statement that is being made over and over again.

Mr. Shookner: It seems as if you are asking us to second-guess the careful logic that went into the five-stage implementation plan and I am hesitant to do that. The issue of the public awareness and the public receptivity to change is something that does not seem to be necessarily linked to stages 2, 3 and 4. In fact, it is something that had to begin before we could even move with the political and public environment. So the kind of awareness that is now going on and the kind of public interest that there is, I think, need to be sustained by all of us as we work on this, whether we are working with our constituents, community groups or our business colleagues.

The stage 1 changes were intended to be things that could be done quickly and that would make a large difference in the day-to-day lives of people who have to live under social assistance, short of legislative change. That comes further down the road. It is my impression that they built as much as they could into the phase 1 implementation without the complexity of legislative and other system changes, like questions about the level of the minimum wage or even the supplement programs, because it is going to take some time to work through those complex and probably controversial issues in the long term. But stage 1 is a package that will have real meaning for people now or whenever it is implemented, and crams as much as is feasible into early implementation. That is as far as I think I can go in terms of speculating on the staging of it.

Mrs. Cunningham: Maybe you would like to respond to the fear, then, that was brought to our attention by the media and certainly by many other groups as we were looking at the input to Transitions itself. That is, if we think we can literally raise rates—because that is the big cost of stage 1, it is as simple as that—and if some people think they are going to get an opportunity to go back to school—and I am now talking about going to community colleges and universities and finishing high school—because of that increase in rates, I think that is what they should be hoping.

I would not want them to think that what we are really doing is increasing the rates so that we can pay landlords more rent. That is one of the fears out there in the community, at least in London, where I come from, because I was out there last Friday talking to groups. In fact, at this very moment there are some press conferences going on around the city council's response. The big fear of that community is that the landlords now think they will get more money for rent. It may be a simple approach, but it is because of the kinds of things that are being said. That was my concern.

I guess I am pushing you just a little bit, because I think stage 1 is a given. I mean, if you are looking at a reform that should have taken place at least 10 or 15 years ago—talk about International Women's Year coming—when we partook in Canada in 1976, the statistics were just as bad as this, the system was just like this; things were no different in 1976. So we should have been changing things then.

My point is that I do not think it will make a great deal of difference. It will almost appear to be throwing money at the problem if we do not move on to the other stages, specifically changes in legislation and the two-tiered structure.

Mr. Cressy: I personally would concur that phase 1 makes a little difference and it will not fulfil some of the hopes that people have. I link

them all together. Judging from the time that my wife was away on weekends when they went through the strategy of implementation, that was very carefully thought out. I think there may be many of us who might say, "That may not be perfect." My understanding is that the work of the Laidlaw Foundation is to continue on. It is not to end at phase 1. The public awareness is something that is a public attitude thing in which we are going to try to involve the whole province over the next few years. That, to me, keeps the pressure on people like yourself. I think you want that. If no one is pushing you, nothing happens. It is as simple as that.

I would agree that some of the hopes for some of the people in moving things up will not be fulfilled in phase 1 at all, but I think it is a significant start and a symbolic act that has to be taken. Then, I think, phases 2, 3 and 4 will become givens rather than high risks. I think the first step is to say, "We're ready to move." That is a very powerful kind of signal. What you need is to continue to feel there is strong support, and that is why the public attitude is the critical ingredient in all of this. Otherwise, I think it would be viewed as more money in that is not going to solve any problems.

Mrs. Cunningham: I will make just one statement to close and then Mr. Mackenzie can have a supplementary.

I would really like to thank you for the work you have done, and congratulations to the minister, wholeheartedly to Mr. Sweeney and the process he has used and to your group and groups like yourselves. I am now talking about the Laidlaw Foundation, because I think attitudes have changed or we would not have had the kinds of ads we had last week.

I think of two things. One is the figure, which you used today, that people are on this kind of social assistance for an average length of time of seven months. That is not what the world thinks of course, but it is true. The other is the one I have always had to live with, and that is that moms need our help for such a short period of time usually. That is when they have got these little wee preschoolers and they first become single parents. They are not asking for our support for ever, but they do need it at a very critical time in their lives, when the rest of us needed it as well, by the way. Those are two attitudes that you have done so much to help with.

Mr. Cressy: There is still work to be done, particularly with the second.

Mrs. Cunningham: Of course.

Mr. Cressy: We were talking about the heroines of our society whom everyone has taken for granted. The fact they have made it through at all is an incredible piece of work. To nurture and nudge along is something that should have happened years ago.

The Vice-Chairman: Mr. Mackenzie, in closing.

Mr. Mackenzie: This is in line not with what I had originally planned, but with the questioning you have just responded to. What concerns me is when we get a presentation as to whether or not we have to do it as more of a package and look at the follow-up phases of the report. To me, in practical politics in Ontario, that begs the question. If we open it up to allow some of the recommendations that are in the second or third phase of the report to

become part of the debate now, we are not going to see the first phase go through.

I think the crucial importance of it, that we simply have to see the implementation of that, which you pointed out in your original presentation, was made by some of the earlier groups before this committee. The minute you allow the round-table discussions or open up the other phases of it, you are inviting what is going to take a little bit of guts in the first place to put through just not to happen. That is my concern, not with the fact that we need the later phases of the report, but if we are ever going to do anything in Ontario now is the opportunity.

The Vice-Chairman: Okay. Thank you, gentlemen for coming before us today. We appreciate your thoughts.

The next group is not scheduled to appear until 11:30, so I am prepared to adjourn the committee until, let's say, 11:28. I ask you to be back here sharp for 11:30.

The committee recessed at 11:03 a.m.

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Mr. Chairman: Perhaps we can get started.

Mr. Ferraro: If I may, with the committee's indulgence, I want to expound on Hansard what was discussed yesterday. The committee will recall that I asked the university presidents yesterday, and indeed Ms. Anderson is doing some research on it, to indicate whether or not, knowing full well that the taxpayers of Ontario subsidize universities 80 per cent, they thought it was right for universities to have to disclose detailed assets pertinent to that university and/or college. The reply came, I think from the president of McMaster University, that indeed they had to do a public audit and that it was available.

I checked with James Mackay in the Ministry of Colleges and Universities who is the project co-ordinator and deals with capital funds. He indicated to me that the Ministry of Colleges and Universities does not have a detailed compilation of assets of universities, nor indeed is there such an animal. What happens is universities indicate they have essentially X number of dollars in assets, but they are not specifically detailed. I just want the record to show that distinction.

Mr. Chairman: Perhaps, for those who may be watching, I should explain that this is the standing committee on finance and economic affairs of the Ontario Legislature. We are in hearings to prepare a report to the Treasurer (Mr. R. F. Nixon) that will, hopefully, help him in determining priorities for a budget which may be brought down in the next two months in this province. Our agenda is to hear from as many groups and people as we can this week, and next week we will be, as a committee, writing that report.

We have with us today, from the Ontario Council of Agencies Serving Immigrants, Howard Sinclair-Jones, the executive director, and Barbara Isaac and Julia Tao, members of the board of directors. We have in front of us some documentation you have provided us with. We have roughly half an hour and we would appreciate your giving us a little time to ask you questions after your presentation.

ONTARIO COUNCIL OF AGENCIES SERVING IMMIGRANTS

Mr. Sinclair-Jones: Maybe I should begin. Thank you for introducing us. Roughly half an hour or a bit less or a bit more?

Mr. Chairman: Probably a bit more. The chairman is very lax that way.

Mr. Sinclair-Jones: We will try to keep our presentation fairly brief, maybe 15 to 20 minutes in total, and then leave 10 to 15 minutes for questions.

I should perhaps begin by giving a little bit of introduction to OCASI, as it is known, the Ontario Council of Agencies Serving Immigrants. We are a very broad-based network, an association of community-based agencies all over Ontario which provide direct services and assistance to newcomers, immigrants and refugees throughout the province.

We have 103 member agencies. We have distributed some annual reports and brochures. There is a reasonably up-to-date list of our membership in the brochure. I think it includes about 91. The network grows rapidly every year. There is a tremendous diversity among our membership. We have agencies in Kenora, Kingston, Ottawa, Windsor and obviously Toronto. Something like 66 of our member agencies are based in Metro Toronto. We also have member agencies in a number of communities in constituencies the members of this committee represent: Kitchener, Hamilton, Guelph and Thunder Bay.

Our agencies are in no way homogeneous. They vary from very large agencies—one example would be COSTI, which is the biggest immigrant service agency in North America, not just in Ontario—to tiny little organizations, such as Women Immigrants of London, which have very few staff and target a particular population.

Our agencies also vary in terms of, in some cases, being ethnospecific—for example, the Centre for Spanish-Speaking Peoples in Toronto—serving a particular linguistic or cultural group or, in other cases, agencies which are multicultural—this is especially the case outside the city of Toronto—multicultural centres in a number of communities around the province that provide a wide range of services to all newcomers to their community.

Our combined membership of 103 agencies includes literally thousands of volunteers and skilled staff members, very committed to what they do, who are often working under considerable difficulty, stress and financial restraint. They collectively provide services to several hundred thousand residents of Ontario, all of whom are in need of specific services which they cannot obtain through normal mainstream social service agencies.

In terms of the nature of the services, I think it is important to emphasize the variety of roles played by the immigrant-serving agencies. The services go far beyond assistance with initial reception and settlement of newcomers. They provide innovative programs which integrate language and skills training, employment preparation and personal growth. They provide, for example, preventive programs in the mental health field, family counselling, support programs for senior citizens and a wide variety of programs aimed at assisting immigrant women. They are a fundamental part of the community and social service delivery system in this province.

Their programs, in general, are specifically targeted to facilitating

the social, cultural and economic integration of disadvantaged immigrants. We believe this to be to the economic benefit of Ontario, and this is where we would like to focus our comments today. Our agencies are community-based, cost-effective, innovative, responsive to changing needs and develop skills in a very wide range of program areas.

Ms. Isaac: We have given a lengthy introduction to our network and to our constituency in order to stress that we are not dealing with a marginal sector of the community or a small minority. It is estimated that close to one third of Ontario's residents were born outside Canada. Other estimates indicate that 50 per cent of Metropolitan Toronto's population was born outside Canada.

You can see that the city with the most vibrant, useful economy in the country also has the highest percentage of immigrants. This is not by accident. Immigration creates business. You know that probably the majority of small business owners, at least in Metro, create jobs. They contribute to the economy and they more than pay for themselves.

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Ontario's numerous ethnocultural communities maintain links with their homelands, develop trading relationships and have the potential to reduce our dependence on our big neighbour to the south, particularly now that we are facing implementation of free trade. Multiculturalism is a reality in our province and it makes good economic sense, particularly when we look at the ageing population we are faced with in Canada right now. By the year 2025, I myself am going to be 65. You can see that I and all my peers who are in the baby boom generation are going to have to have somebody here to pay for those pension costs.

Despite all the benefits immigration brings, we have squandered those benefits and we have wasted the skills and lives of untold numbers of newcomers who are denied their right to participate fully in this society. I want to outline briefly some of the barriers to their employment participation in the society.

We encourage them to be immigrants to this country based on their qualifications and then we proceed to ignore those qualifications. When they do have jobs, they are segregated in particular occupations. I think we can see a striking example of this in the construction industry. In the janitorial area, we have primarily Portuguese-speaking and Spanish-speaking cleaners. They have poor access to language and training programs and that increases their dependence on these low-paying, low-skill jobs. They have very little access to information, for example on health. Did you know that your labour laws are not translated? Many of the people who are working and do not speak English do not have any idea that they are sometimes entitled to holiday or vacation pay, because they do not have access to labour legislation.

To us, as immigrant service agencies, it sometimes seems that for every success story, for every newcomer who makes it in Canada, there is another who is denied his or her dreams, who spends the rest of his or her life underemployed because of lack of recognition, because of other qualifications or because of lack of appropriate skills training.

For example, one of my clients is a domestic. She came to Canada from the Caribbean already with a registered nurse's diploma. Now, with the shortage of skilled nurses in Metro and all of Canada, you would think she

would be able to get a job as a nurse, but her qualifications are not recognized.

Meanwhile, this same individual who is denied the right to work at her full potential is also denied the right to services and assistance supposedly available to all residents of Ontario, but due to systemic problems in our institutions, to linguistic barriers or to lack of cultural sensitivity, and to racism and other forms of discrimination, she is not going to be able to access those services.

The social cost of such situations is obvious and tragic, but it is the economic cost to the whole of our society that is little discussed and less understood. This is the other message we wish to bring to the standing committee today. It is false economy. It is a myth to allow such situations to exist, to believe that immigrants take away jobs, to believe that immigrants cause unemployment. It makes no sense to welcome someone with one hand and then to erase that person's potential to help build the society by putting up barriers with the other. Thus, Ontario's multicultural strategy makes economic sense, but it must be given some economic teeth.

We have some very specific recommendations to make regarding the multicultural strategy.

Ms. Tao: First of all, I would like to compliment the Ontario government for implementing the multicultural strategy to develop more sensitive and more responsive systems and resources to meet the needs of the diverse ethnocultural groups.

The plan for \$7.7 million over five years: Surely we would like to see some result from spending all this money. There are some specific recommendations we would like to make today. First, this is the third year of the multicultural strategy of the Ontario government. We have not seen specific measurable goals and objectives for a lot of ministries. This is lacking in many of the strategies and initiatives proposed by the ministries of what would be the objectives in the future, such as the Ministry of Health developing or initiating a multicultural advisory committee. There have to be some measurable goals and objectives. I suggest that perhaps each ministry have a progress review of what it has done at the end of the third year.

At present, we still find that many of the ministries do not have enough personnel resources to deal with the issues and problems faced by diverse multicultural or ethnocultural groups. There is simply their lack of personnel expertise in the area. I urge that each ministry should hire more personnel from the community, people who have the commitment and knowledge of the issues faced by diverse multicultural and ethnocultural groups.

The role of these multicultural personnel consultants should be to help each ministry develop better policies and make changes to programs that would improve accessibility to services for many people whose language is not English. At this time, in the Ministry of Community and Social Services or the Ministry of Health, say, most of the programs and funding they have given to organizations do not provide accessible services. Hospitals do not have enough interpreters, for example. Family services associations do not have services for a lot of different ethnocultural groups who do not speak the language.

There has to be some accountability for funding going to these organizations. The third recommendation is that each ministry, particularly ministries that provide funding to organizations or provide direct service

funding to organizations, should have a funding policy. At this point, there is no funding policy, except for the Ministry of Citizenship and the Ontario women's directorate, which provide direct services to a lot of member organizations of OCASI.

For example, the immigrant women's health centre recently received some money from the Ministry of Health to develop a health booklet in different languages. However, when they required money for translation, they had to go to the Ministry of Citizenship. This reflects that there is a lack of policy within the Ministry of Health itself, that immigrant services or community-based organizations serving immigrants should approach only the Ministry of Citizenship. That is ghettoizing immigrant services.

There are no funding policies within some of the ministries, such as the Ministry of Skills Development, the Ministry of Health and the Ministry of Community and Social Services, that fund most of the mainstream organizations and that serve a lot of people: youth, women and seniors. I think each ministry should have concrete funding policies that are nondiscriminatory and accessible to all organizations, including community-based immigrant services.

Also, these funding policies should include criteria which stipulate that mainstream organizations that provide a service, such as hospitals and the family services associations, should develop a commitment to be accountable to minority groups, that they have to have a mechanism to document who they are serving. Are there minority groups they are not serving? What kind of staff resources do they have? What kind of multicultural training or skills training do they have for staff? If they do not have all these commitments, forget it; they are not going to get the funding. I think all these ministries should have these criteria in order to improve the access to services for everybody.

Right now, there is the issue of youth; a lot of youth from minority groups are not getting the services. Look at some of the major organizations that serve youth. They do not have outreach programs, for example, to the black community, the southeast Asian community. I think these organizations, when they approach for funding, should be able to meet the criteria of serving the minority groups.

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At this point, we are very concerned about the inadequacy of funding of the Ministry of Citizenship. A lot of member organizations of OCASI receive funding mostly from the federal Department of Employment and Immigration, as well as from the Ontario Ministry of Citizenship, such as English-as-a-second-language classes, immigrant services and outreach programs. However, the funding has been very inadequate. I think it is essential your committee recommend that the Ministry of Citizenship look at the adequacy level.

We would also like to draw the committee's attention to the recommendations of the Transitions report and stress our support for the immediate implementation of stage 1 of that report. We have tabled a recent submission to the Minister of Community and Social Services (Mr. Sweeney) of our recommendations and highlights in regard to the Transitions report, of which you have a copy. We would like to urge this committee to make recommendations that the Transitions report be looked at seriously and be implemented.

In concluding, we would also like to stress the essential and vital role of the community-based immigrant services. The value and effectiveness of these organizations' service delivery system should be recognized and increased financial support should be provided to strengthen their work.

Mr. Kozyra: First, let me say that I have great sympathy for your concerns. Forty years ago, my family and I were immigrants to Canada and I can relate very much to a lot of what you said. Your figures indicate that 60 per cent of immigrants end up in Ontario. I would venture to say that 80 per cent to 90 per cent of those are probably in Toronto or the Golden Horseshoe area. That, in a sense, adds to the kinds of problems we see Toronto having with this rapid growth and all the other aspects.

To turn that around, I am wondering whether your group could be part of a solution, in a sense. What kind of network, base or infrastructure would you need to encourage a large number of immigrants to move to other parts of Ontario? Specifically, I come from northern Ontario. I know an influx of population would be a tremendous boon to those areas. Yet it is difficult to get them and more difficult to keep people there. I am wondering what kinds of network, infrastructure and incentives you feel you need to cause some of this, and in so doing, help the crunch Toronto faces and so on?

Mr. Sinclair-Jones: Maybe I could respond briefly to that. One of the things we have been saying for many years is that the lack of effective services to help people settle throughout the province is a major impediment to people going to other communities.

For example, if you look at the northwest, we have a member agency in Kenora, one in Thunder Bay and one in Fort Frances. Then, in addition, there is a multicultural network organization that does not provide direct service. But all the other communities are lacking in direct community-based agencies to provide assistance to newcomers. In Dryden and all the smaller communities, like Red Lake, you will find very little by way of community-based assistance to newcomers.

People do go there because, depending on the economic situation, there are jobs on occasion. Then when the economy turns down, people move because there is no effective skills training program to channel people into other types of employment and there is no effective small business development program to help people stay in the communities. The natural tendency with the lack of support is to move to a place like Toronto where one at least has family support, friends or a broader range of economic opportunity.

It is a bit like a chicken and egg situation where one of the solutions would be to ensure that there are adequate community-based services to provide assistance to newcomers. We know, for example, that the rate of secondary migration of refugees, as opposed to immigrants, is much lower in those communities where there is an effective community-based service or a church service to assist with the sponsorship and settlement. You may not know that most government-sponsored refugees go to a particular location and are met by Canada employment centre officers and people in the community.

In some cases, there is almost a 100 per cent migration eventually from there to places like Toronto. In other cases, most people stay. Kitchener has a very good record in that regard, for example, and it is because there is a very good network of community agencies providing assistance to newcomers.

Mr. Chairman: I will throw out a thought, just as a provocative gesture because it does not really reflect my own thinking.

I just finished travelling in the United States, which has a very different approach to these matters. While I was there, I saw an article in the New York Times pointing out that Sussex county on Long Island, which is a suburb of New York City, is considering making English the official language of Sussex county. The reasoning they used is that there are 100,000 Hispanics in Sussex county and they are falling behind in their ability to utilize all the opportunities that supposedly exist, that therefore they should be encouraged to speak English and not Spanish in every respect and that therefore they should be deprived of the facilities that might be available to them in Spanish, to help them integrate faster into the melting-pot.

Of course, that whole argument is incredibly foreign to us. In fact, I had occasion to question the Americans about it several times afterwards. It is not foreign to them. They accept that as a way of creating equality. Do you have any reaction?

Ms. Tao: I think our situation is very different here. I do not think there are even enough services for people who do not speak English. I think there is a danger of a perception that, yes, community-based services for immigrants are taking over, creating ghettos or so-called parallel services, but the words "parallel services" is extremely confusing. I think what we have seen in Ontario is that a lot of community-based immigrant service organizations are complementary to the existing mainstream organizations.

I do not think we are in the situation of the United States. However, I think there are some models in the United States that we would like to look at. For example, a friend of mine travelled to California where mental health organizations have provided efficient mental health counselling programs to the southeast Asian community, which we do not see here in Ontario. Funding is extremely adequate. They have a lot of counselling programs and outreach programs for the southeast Asian community in California.

People are looking at the model to see whether it is appropriate to apply here, but the problem here is that mainstream organizations often have resistance to change. There is a lack of sensitivity or a lack of knowledge about how to outreach to a particular community that does not speak the language.

I think what we need at this point is a much closer liaison than that, co-operation between the funding source and the immigrant services community, as well as the mainstream organizations, to find out the best model to serve the community. At this point, the relationship is lacking and a lot of ministries do not have the resources to deal with that.

Mr. Chairman: In the example you gave, would these resources be available in southeast Asian languages? Is that what you are saying?

Ms. Tao: By resources, we mean bilingual-bicultural staff, knowledge of the issues of the community and staff training and sensitization. I think the package would have to include all different aspects of program accessibility to the community.

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Mr. Chairman: Mr. Sinclair-Jones and Ms. Isaac have comments too.

Ms. Isaac: There are a couple of things that come to mind. The first thing is that this country is founded on maybe three or four cultures: the native culture, English and French. That is why our perspective is different here. We accept that people are going to come and keep their heritage and retain their language. That has been the basis for this whole country.

But I think the overwhelming cry from the community is for access to English-language or French-language training. When people come here, one of the first things they look forward to is learning English. They want to do that to be able to communicate with their children and neighbours, to understand television, to know what their rights and privileges are and also what their obligations are.

I see a difference in perception of what is happening. Maybe Americans have a different perception of why people retain their language. Maybe they are getting some community services in that language; that does not necessarily mean they do not want to learn English. I think there are some different perceptions and those are probably based on our history.

Mr. Sinclair-Jones: I would add that language training is a fundamental priority. The provision of appropriate training for English as a second language and French as a second language, in just about all the surveys we have done among our membership, is the number one need people have.

One of the difficulties is that the provision of language training by the federal government is in many cases inadequate and often inappropriate. The traditional Employment and Immigration six-month course through the community college leaves out a tremendous number of people, especially immigrant women.

The provincial government, to give it its due, has tried to address that balance to some extent through community-based, English-as-a-second-language programs. Many of them are delivered through our community agency networks. They are very innovative. Many of them are done in a bilingual manner, the purpose being to try to help people learn English, not to help them retain their own language. Using bilingual teaching methods, one can often break those barriers to traditional learning that people from many countries have. People arrive here often with very few years of formal schooling and one has to take an innovative approach.

I would say this is a major concern and something we feel is underfunded, but there are already good models through the Ministry of Citizenship for delivery of language training. At the same time, and I agree totally with Barbara Isaac, one has to allow people to preserve their own heritage language and to encourage them to do so. I do not see the two things as antagonistic. I think you can in fact do both well, and we should encourage people to do both well.

Mr. Jackson: It is on that very last point that I want to focus my questions. Given that this is a finance and economic affairs committee and that we are charged with the responsibility of giving some advice and counsel to the Treasurer (Mr. R. F. Nixon), I have some concern that the broad agenda is not focused sufficiently on what I see as some of the more critical areas. I assume that because you are short of time you did not address some of those,

particularly the circumstances for immigrant women in cases of domestic violence and family violence. We have a series of problems associated with language difficulties for women and children who are suffering in these situations.

I understand that there are cultural questions that overlap this issue, but I happen to believe strongly that we should be making a major priority for English-language and therefore the other language skills to be available in certain support groups in order to be able to meet the needs of people whose lives are being disrupted with this violence.

I personally do not feel that heritage language—this is where I get to your point, sir. I feel that we cannot do both really well when we have the real tragedy of domestic violence and the inability of a whole sector of women, because of language difficulties, to articulate the trauma and the stress they are under. We are not doing a good enough job in that area and that clearly should be an articulated priority. Some of the materials I read four and five years ago from your organization made that point very clearly.

Again, as I have said, it is probably because you have had insufficient time to go through the whole issue, but rather than talking about the American versus the Canadian approach to language, I would really like to see if we could get a comment more directly with respect to the financial commitment of this province towards English-language skills and strengths in order to meet that agenda.

There are others. There are certain language requirements on the books, for example, in nursing homes, and they have a very specific purpose. That program has not been undertaken as yet, but when we did the amendments to the Nursing Homes Act, it was the clear intention to do that.

My fear, and I am sure a lot of members of the Legislature fear, that we tend to move on to the next agenda without ensuring that we have done justice to what we were talking about five years ago.

I was hoping we might focus on those items that everybody assumes we may be proceeding along with, and yet there are a lot of immigrant women who are suffering severely because of that language barrier and the inability to get access to programs. Could we comment more generally about that, and in more specific terms about what guidance you would like to give the Treasurer on that issue.

Ms. Tao: On family violence, I think we definitely talk about one of the proposals being to increase language training, which helps immigrant women with children who are isolated have ESL as well as child care programs and helps them to develop the skills to be able to use existing services.

The problem at this point also is that a lot of services that provide family counselling or deal with family violence, such as the Family Service Association of Metropolitan Toronto, have a lot of good programs and a lot of hostels have space for women, but many of these organizations do not have the linguistic or culturally appropriate programs for immigrant women. We have to look at the fact at this time that because of that, immigrant women do not have access to these services. The problems continue without any solutions, except or unless the government looks into funding as well as improving the service accessibility.

We cannot just talk about language training without looking into the

overall social service system, the service delivery system in Ontario. Who are the people who use these services and who are the people who cannot use these services?

What would be the budget implications with some of the ministries? How do they make themselves accountable to the minority groups who cannot use these services? For example, many of the hostels that house victims of violence do not have interpreters, do not have bilingual, bicultural staff. Could the ministries or the Ministry of Community and Social Services look into this matter? Could they consult community organizations such as OCASI or immigrant women's organizations on how to improve the situation and how a partnership could be built to serve these people?

Definitely there is a budget implication, but immigrant communities pay their tax dollars too. However, many of the services are not accessible to them. I think these are our real concerns.

Mr. Jackson: Very quickly, Mr. Chairman—

Mr. Chairman: Quickly.

Mr. Jackson: The nonpartisan challenge that every member of this committee has is, where do we set the priorities and where do we shift the emphasis so that we are doing the most amount of good at this point in time? That is why I struggle with the question that a family might be faced with any government saying to them, "You may be suffering from family violence, but we can't get the police or the courts or your doctor to be able to talk to you in your language." At the same time, you are bringing home a piece of paper from school saying, "We're going to make sure your child can speak your native language."

That begs a very major social question about what are the more important social priorities, which is when a government has to deal with that very question in times of restraint or times when there is not sufficient revenue to meet all those objectives.

I will leave it at that point, and simply suggest that I believe the issues I have raised of family violence and being able to communicate when you are under that kind of assault and a victim of that kind of violence have to be an absolute priority for all of us. I was hoping we might get a clearer statement on that point, that if there are limited moneys, we clearly see a need here, and perhaps not as greater need, say, for heritage language programming which is sort of a third language for these people.

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Mr. Sinclair-Jones: I have some difficulty with your approach, I am afraid. I do not see it as completely an either-or situation. I think one of the ways in which our work is differentiated from that of the traditional mainstream social service approach is that we do not look at the world in that way. We take a much more holistic approach to whatever problem exists. I see it as vitally important that people are encouraged to maintain their heritage language whenever they feel it is necessary to do so. In many cases, it is absolutely essential that they do so.

Just to give a personal example, my own mother-in-law speaks no English and speaks no French. She has Portuguese as an only language. She is almost 70 years old. She is losing her sight. There is no way she is going to learn one

of the official languages at this point in her life, and I would like my daughter to be able to communicate with her in her own language, because there is no way they are going to be able to communicate any other way. That type of story is repeated throughout the province in every immigrant household where families come from non-English-speaking countries. We have three and four generations of people living together because economically they have to do so. We are looking for innovative solutions to that problem, not the traditional ones.

Mr. Ferraro: I thank the delegation for its presentation. Ms. Isaac evoked a question for me when she talked about the lady who was a registered nursing assistant in the country of her birth, I suspect, and came to Canada, Ontario specifically, and could not realize her full potential because she could not qualify, if I understood you correctly, for a similar job in Ontario.

I am sensitive to that and I am sure every member in this House is, from the standpoint that this not only is a problem in the health care field. I am sure we have all had people in our offices who are immigrants who are qualified in their native country for a position. But we also have an obligation to the people of Ontario from a standards enforcement point of view that I think most people agree with.

My question specifically is twofold. First, is Ontario too stringent in its enforcement of Ontario standards, whether it be for foreign-trained teachers or health professionals or engineers, whatever the case may be? Second, what is OCASI doing about it and what should this government or this committee do about it?

Ms Isaac: In many instances, although I do not know each profession or each college specifically—physicians, engineers—I think they are too stringent. Many times, the people who come from another country have qualifications, perhaps from American universities as well as their own country of birth, so obviously there is some compatibility there, but it is not recognized simply because the country is seen as a foreign country.

Mr. Ferraro: Could I interrupt you for a second? I do not want to misconstrue what you are saying. Are they too stringent as far as process is concerned or are they too stringent as far as what we expect that individual to be able to do is concerned? Let's use a doctor. If a foreign-trained doctor comes to Ontario, I quite frankly endorse the idea that that individual should be every bit as qualified, if not more so, as any Ontario-trained doctor. To do that, maybe they should have to do the examinations and/or the—what do you call it?—internship for a time to meet that qualification. Are you saying we should lower the standards or that the process is too difficult? I think that is important.

Ms. Isaac: I do not think there is a need to lower the standards. I think what has to happen is that you have to actually look at the program itself. I know, for example, that with the University of the West Indies there are many joint programs between the University of Miami and the University of the West Indies. Obviously, if a person can qualify to have this joint kind of recognition with the University of Miami, we are looking at something where the standards are probably equal to Canadian standards.

I think we have to look at each of the qualifications and actually look at the program to see whether it can be compatible. What happens now is that they are automatically lower. They are not looked at in terms of the specific

qualifications themselves, but they are automatically lower because they are not from Canada.

I think that is where we are starting to be a little too stringent. To lower the qualifications automatically because they are not from this country is causing us to lose out on the benefit of—

Mr. Ferraro: But is that not important initially, to make that assumption until they can prove to you that their standards are equal or superior? I do not mean that in a denigrating way—

Ms. Isaac: I think that is too harsh. I think what you have to do is look at the program itself and see whether it can measure up to Canadian standards.

Mr. Ferraro: But to use your argument, I am a legislator and I have to make laws or direct legislation to qualify somebody. If I look at Mr. Kozyra, who is a foreign-trained doctor who comes to Ontario and wants to practise, and make the assumption that he is better trained than Ontario-trained doctors, then really the decision is: "Come on in and practise. Fill out the form and go ahead."

Until I can substantiate it based on our standards, whether it is a test or internship or whatever, surely the assumption I should make, and I do not mean this in a negative sense, is that he is not as qualified as an Ontario doctor for the simple reason that we do not know well enough yet. That is the appropriate approach to take. Am I missing something you are saying?

Ms. Isaac: We are saying almost the same thing, but I am saying to approach it without bias and compare the programs at face value first, before you attach the bias to it. Otherwise, we lose generations of doctors, generations of nurses and generations of engineers because we are assuming that something is lower. Try to take the bias out first and then compare the programs.

We do agree that the accreditation process should involve some type of internship, but not that it be made an arbitrary type of measure, just saying, "Well, you're from another country, so we therefore automatically put those kinds of biases on your qualifications." I think that is where the problem comes in.

Mr. Ferraro: How is your association addressing that with the government?

Ms. Isaac: The government has an accreditation study going on right now. This must be the second year, so it should be coming out soon. The preliminary report of that accreditation study showed that we are too stringent and that we have lost people for arbitrary reasons.

Mr. Ferraro: So we have an automatic bias.

Ms. Isaac: That is right.

Mr. Sinclair-Jones: I would just like to add that in addition to it being too stringent for certain communities, the system is discriminatory in favour of certain other situations.

Mr. Ferraro: Can you give me an example?

Mr. Sinclair-Jones: Again, I will give you my own personal example. I came to Canada as a qualified civil and structural engineer. I had never practised as an engineer. I came straight from university. Within two weeks of arriving here, I was a member of the Association of Professional Engineers of Ontario. I worked for two or three years quite happily. I have ended up in this field.

It is now 15 years since I worked as a structural engineer, designing high-rise buildings. For a fee of \$70, I could practise again tomorrow. There are many people who are much better qualified who are newcomers to this country who would certainly be much safer designing buildings at this stage than I would, because I have virtually forgotten everything I ever knew. Yet for a small fee I could practise again. I think it is discriminatory, in favour of people from certain countries and against people from certain other countries.

Mr. Chairman: Thank you very much. It has been very helpful to us. Our schedule is that we are hearing submissions this week. Next week we will be writing a report and hopefully releasing it later this month.

Mr. Sinclair-Jones: Thank you very much for giving us quite a long time. We did not anticipate that we would have so much time.

Mr. Chairman: I think the benefit was mutual. Thank you.

We will adjourn until 1:30 p.m. We have a very tight schedule now for this afternoon, with no gaps from 1:30 p.m. through to 5 p.m.

The committee recessed at 12:20 p.m.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PREBUDGET CONSULTATION

TUESDAY, MARCH 7, 1989

Afternoon Sitting



STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

CHAIRMAN: Cooke, David R. (Kitchener L)

VICE-CHAIRMAN: Pelissero, Harry E. (Lincoln L)

Cleary, John C. (Cornwall L)

Ferraro, Rick E. (Guelph L)

Haggerty, Ray (Niagara South L)

Hart, Christine E. (York East L)

Kozyra, Taras B. (Port Arthur L)

Mackenzie, Bob (Hamilton East NDP)

McCague, George R. (Simcoe West PC)

Morin-Strom, Karl E. (Sault Ste. Marie NDP)

Pope, Alan W. (Cochrane South PC)

Substitutions:

Collins, Shirley (Wentworth East L) for Ms. Hart

Cunningham, Dianne E. (London North PC) for Mr. Pope

Jackson, Cameron (Burlington South PC) for Mr. McCague

Clerk: Decker, Todd

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Ontario Public Health Association:

Metcalfe, Rebecca, President

Labonte, Ronald, President-Elect

Harding, Michele, Policy and Resolutions Chair

From the Ontario Confederation of University Faculty Associations:

Starkey, Dr. John, President

From the Mississauga Board of Trade:

Leamy, Adam J., Director of Policy and Research

Dunk, Steven, Chair, Taxation Committee

From the Family Service Association of Metropolitan Toronto:

Couchman, Bob, Executive Director

McQueen, Dr. David, Vice-Chairman, Social Action Committee; Professor of Economics, York University

From the Pharmaceutical Manufacturers Association of Canada:

Erola, Judy, President

Postelwaite, Gordon, Director, Public Affairs

From the Ontario Public School Teachers' Federation:

Kendall, Dave, President

Lennox, Dave, Secretary

From the Social Planning Council of Metropolitan Toronto:

Kilbride, Dr. Kenise, President

Grist, Lin, Treasurer

Patterson, Jeffrey, Senior Program Director

Orr, Judy, Executive Director

AFTERNOON SITTING

The committee resumed at 1:32 p.m. in room 151.

PREBUDGET CONSULTATION (continued)

Mr. Chairman: Welcome to this session of the standing committee on finance and economic affairs of the Ontario Legislature. What we are doing this week is hearing from members of the public and groups concerning what submissions should be made by this committee to the Treasurer (Mr. R. F. Nixon) in preparation for a budget that we expect will be brought down later this spring. We are basically listening and asking questions of citizens this week. Next week, the committee will be writing a report to the Treasurer.

This afternoon, we are going to hear from the Ontario Public Health Association, followed at half-hour intervals by the Ontario Confederation of University Faculty Associations, the Mississauga Board of Trade, the Family Service Association of Metropolitan Toronto, the Pharmaceutical Manufacturers Association of Canada, the Ontario Public School Teachers' Federation and the Social Planning Council of Metropolitan Toronto. We will be running continuously from now through to five o'clock.

The first group we have with us is the Ontario Public Health Association and the presentation is being made by Rebecca Metcalfe, president; Michele Harding, a member of the executive; and Nora Drummond, a member of the social policy work group. I have that wrong, do I not, obviously?

Ms. Metcalfe: I am Rebecca Metcalfe, president. Michele Harding is on our executive, chair of public policy and resolutions, and Ron Labonte is president-elect.

Mr. Chairman: Right. I am sorry, Mr. Labonte.

Your brief has been distributed to members of the committee. Perhaps you could utilize whatever time you want to target whatever issues you want and then hopefully leave some time for questions.

ONTARIO PUBLIC HEALTH ASSOCIATION

Ms. Metcalfe: We appreciate the opportunity to appear before the finance committee. We would like to present directly from our brief, and then, as you have indicated, we would be open for questions.

The Ontario Public Health Association is a 3,000-member organization of community and public health professionals. Our principal goal is to provide leadership in public and community health in order to maximize the health of all Ontarians through development of effective public health, health promotion and disease prevention strategies.

We appreciate the opportunity to be involved in the 1989 budget consultation process. Our comments today will elaborate upon our letter to the Treasurer (Mr. R. F. Nixon) dated February 14, 1989, in which we raised two principal concerns: the need to reorder health care priorities and the necessity for definitive action to address child poverty in Ontario through social assistance reform.

I would like to deal with the reordering of health care priorities first. We note the disturbing increases in health care expenditures related to physician and hospital services and drug benefits, as commented upon in the Economic Outlook and Fiscal Review, Ontario 1988 report. We are deeply concerned that recent media coverage of waiting lines for surgery will seriously compromise the government's ability to shift resources from high-technology institutional care and treatment towards community models of care, and most important, health protection and promotion programs.

We urge you to resist this pressure for quick fixes and to commit yourselves to the process of shifting priorities within health care from disease treatment to disease prevention. To that end, our association urges a fundamental redirection in health care services that emphasizes more cost-effective and health-effective vehicles of community health service delivery that are more in keeping with the goals of health equity and health promotion articulated in several recent government reports, specifically the Ontario Health Review Panel, the Ontario Health Goals Panel and the Minister's Advisory Group on Health Promotion report.

In particular, we concur with the latter report's recommendation that a minimum of an additional one per cent of total annual health expenditures be directed towards health promotion programs, with a further one per cent allocated for community-based support services.

In our 1988 position paper, Strengthening Community Health, we proposed that 0.25 per cent per annum of the provincial health budget over the next 10 years be earmarked for development and expansion of existing health promotion and community-based support programs. A copy of this position paper and its six recommendations is appended to our brief.

We recognize that health budget reallocations are matters internal to the Ministry of Health, but we call upon you to urge and facilitate this transition. While we respect the important role appropriate illness treatment plays in the lives of Ontarians and support adequate funding of health care services, we also recognize that illness treatment could absorb all public expenditure.

We firmly believe that the best value for money within the health care system now lies in health protection and promotion endeavours. This was recognized in 1986 by the World Health Organization, Health and Welfare Canada and the Canadian Public Health Association in the Ottawa Charter for Health Promotion which identified the importance of healthy public policy. Healthy public policy is "an explicit concern for health and equity in all areas of policy, and an accountability for health impact."

We draw to your attention our attached position paper on healthy public policy which highlights the following priorities: (1) reducing inequities in health, (2) protecting the environment and ensuring sustainable development, (3) ensuring implementation of healthy food and nutrition policies and (4) eliminating tobacco use.

We have addressed strategies to eliminate tobacco use in previous budget consultations and this year endorsed increased taxation on tobacco products. We reiterate our position that increased revenue from tobacco taxes should be used to develop alternative employment for displaced tobacco farmers and tobacco workers.

Mr. Labonte: At this point, I am going to take over so you get a change of voice.

I am going to draw your attention specifically to the first priority we identify for healthy public policy in our position paper; that is, reducing inequalities in health. We have earlier communicated to the government our strong support of the recommendations in Transitions, the report of the Social Assistance Review Committee, in a December 20 letter to Premier David Peterson. We concur with the SARC report that implementation of its recommendations would be the single most important health measure the government could undertake.

I am not going to reiterate all kinds of studies, the countless studies, that have been done linking poverty and ill health, but we do want to draw your attention to a few key points. First of all, babies born into poverty are more likely to be of low birth weight, due to the poorer health, nutrition and greater psychosocial stress experienced by their mothers.

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They have twice the risk of dying before their first birthday compared to babies born to wealthy parents. This is often referred to the fact that in Canada we do not have babies or children dying in the streets in quite the same way that they do in developing countries, but we have this invisible kind of tyranny of statistics, in so far as we do see an incredible amount of premature death and disease among poor children.

Between the ages of one and 14, the risk of poor children dying is 75 per cent greater than for their wealthier school friends. In fact, one specific cause of death, relating to motor vehicle accidents, is four times higher among poor children, which some attribute to the fact that they have less access to playing space and are more likely to be on the street and to be hit by cars.

Poor children have higher rates of depression, anxiety and illness. They are more isolated and lacking in social support. This is particularly the case for welfare poor, notably young females—a finding of the Ontario Child Health Study. This is likely due to the current social stigma attached to welfare. Again, this was commented on quite profoundly in the Social Assistance Review Committee report.

Poor children are more likely to develop unhealthy coping behaviours, suffer poorer diets and experience learning difficulties.

As adults, their average lifespan, and this is Canadian data, is five years less than for their wealthier counterparts, and within their shorter lives they experience an average of 11 more years of disability. I will put this into some kind of context for you. This difference in life expectancy between the wealthiest and poorest 20 per cent of Canadians is greater than the potential years of lost life attributed to both smoking and alcohol abuse, and that includes impaired driving.

Overall, poor Canadian adults suffer 50 to 100 per cent more heart disease, mental disorders, diabetes, anaemia, hypertension, ulcers, influenza, bronchitis, emphysema and asthma. The list goes on ad infinitum. They are more stressed and anxious than wealthy Canadians, more isolated and about six times less likely to report being happy than wealthy Canadians.

Only part of this excess burden of disease can be accounted for by the relatively unhealthier lifestyles of the poor. For example, the poor may smoke more, but they drink far less than their wealthier neighbours. More important, it is their lack of money for nutritious food, adequate housing and recreation, and their involvement in marginal, often hazardous employment that compromise their wellbeing and compound their disease burden.

These physical and emotional diseases at some point lead these people to seek treatment. Inevitably, we pay in higher illness care and social service costs for our neglect of poverty, and particularly child poverty. I would like to be able to quantify this for you and put it into dollars and cents, but it is not possible to do that, simply because poverty is not recognized by our health system, by hospitals, doctors or governments, as a cause of disease, so we simply cannot quantify it. But as the brief review of the disease effects of poverty indicates, poverty is undoubtedly the largest threat to health that exists in Canada as a whole and in Ontario specifically.

These patterns are not unique to Canada; they are found throughout industrialized and developing nations. Although rich nations tend to fare much better in their health than poor nations, the overall health of a population has less to do with how wealthy a nation or province is than with how equitably that wealth is distributed.

One example is the United States, which has the highest per capita living standard, defined by income-based purchasing power, but ranks very poorly against other industrialized nations in infant mortality and life expectancy. There are some developing nations now that have longer life expectancies than the US. Canada ranks second in living standards, but fares little better in health indicators.

Cross-national studies show that, in general, death and disease rates are lowest in those countries where after-tax-income equality is greatest. Other studies have demonstrated that higher rates of public spending on social programs are strongly correlated with better health status.

Ms. Harding: In 1987, we adopted a policy paper on child poverty and a copy is appended to your brief. It is our contention that the government must act swiftly to curb the incidence of child poverty in Ontario. The \$2.1 billion cost estimates of full implementation of the SARC recommendations will have far greater long-term cost savings than similar expenditures within the hospital and physician service sector. This is not to minimize the importance of maintaining access to effective illness treatment services. Those are quite crucial to our wellbeing. We emphasize, however, the importance of investing in preventive strategies yielding the greatest health benefit for the greatest number of Ontarians.

Some have contended that the costs of implementing the SARC recommendations are too expensive. We would ask, "Too expensive to whom?" Since 1981, the share of national income has increased for Canada's wealthiest while decreasing for Canada's poorest. This transfer from the have-littles to the haves over the past decade totals over \$3 billion. Ontario's share of this upward redistribution of wealth, if taxed back, would almost cover the costs of implementing all of SARC's recommendations.

SARC's costs must also be seen within the context of the total provincial budget. We specifically draw your attention to the \$200-million cost of implementing the stage one recommendations. This is a meagre amount beside the \$10 billion currently being spent on hospital-based and

physician-based illness care and represents less than one third of a five per cent cost-of-living increase to this illness treatment system. Given what we know about poverty and ill health, this committee would do well to consider whether further increases in the hospital and physician care sector would yield the same benefits as implementation of the SARC recommendations. We think not.

We therefore are calling on the government to implement stage one of the SARC recommendations in the 1989-90 budget and to establish a clearly defined timetable for implementation of the remainder of the recommendations. These recommendations are, in our opinion, the most important health action that this government can take at this time. It illustrates healthy public policy in action and that is certainly one of the priorities that has been established in the Premier's Council on Health Strategy. It would stand as a model not only for the rest of the country, but also internationally.

Mr. Chairman: Thank you very much. It was a good presentation. I have a number of questioners. I just ask this somewhat facetiously and rhetorically: If we were to implement SARC, can we count that towards our one per cent of the health care budget, in view of some of your presentation? I am not asking for an answer, but it may beg some questions on your percentages.

Mr. Haggerty: I want to compliment you on an excellent brief this afternoon to the committee.

I am looking at page 2 of your report. It says, "Reordering Health Care Priorities," and you go on to say, "We are deeply concerned that recent media coverage of waiting lines for surgery will seriously compromise the government's ability to shift resources from high-tech, institutional care and treatment towards community models of care." Then you go on to say, "We urge you to resist this pressure for quick fixes."

Could we have further explanation on this particular area? One minute it sounds like you are against the proposal of having health care centres within each municipality and then you make reference to the quick fixes. What do you mean by that, perhaps in more detail than what you have there?

Ms. Metcalfe: Sure. What we are referring to in this issue is that there has been a great deal of media coverage, I think you would agree, related to the treatment of illness in our health care system. The media have focused on those aspects of the health care system that various members of the public have found wanting and that relate to waiting lines for surgery, hospital bed closures, shortages of staff in treatment facilities and so on, and waiting lists for expensive tests that serve proportionately, in terms of a total population, a few.

We are saying that to quell that public pressure to improve the health care system by simply adding more dollars to treatment, surgery, expensive equipment and diagnostic technology is to provide a quick solution and what some would consider an easy solution to a very complex problem. To add more money to treatment, we feel, will only lead to short-term gain in the health care system.

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We believe that, as a province, we should take a look at the longer-term gain and the health of all Ontarians. If one looks at the hundreds of thousands of people who are living below the poverty line or a part of that

population that we call the working poor who are a compromise in terms of not only their salaries but their benefit structures, as they grow up in this society, become adults and continue to live their lives, chances are they will develop symptomatology and chronic health care conditions that will place them into the treatment system and make them users of the health care dollars available for treatment.

For longer-term gain, should we not be looking at prevention of the development of this level of disease in the population at large? That may take another whole generation to do. We are not saying exactly how long it will take, but we have to start somewhere. That means buying into a strategy which, in the long term, will decrease expenditures and treatment. So it is much more complex than simply adding more dollars to the system.

Mr. Haggerty: You think there will be a cost reduction then if we move into the community health services system?

Ms. Metcalfe: Most definitely. My colleague would like to add some comments.

Mr. Labonte: The actual quantification of those kinds of cost savings are very difficult to make because when we move into that mode of delivery we simply have not been collecting the information on that that would allow us to turn that up. There is a group at McMaster University which I think has been studying the issue.

What we are talking about more fundamentally is the fact that the illness treatment system consumes such an overwhelming proportion of the budget right now, and theoretically it is a bottomless pit. You could keep putting more and more money into that. But it is quite clear right now that we have sufficient research to recognize that if we shift over to some of the health promotion and disease prevention programs and to some of the policy changes as in the SARC report, in the long term these things are going to have a far greater impact. You can measure that impact on the health of Ontarians.

Now whether or not that saves you a lot of money in the illness treatment system is going to depend on whether or not that system's costs are generated by the degree of illness that exists in the population as a whole. If that is how the illness treatment system generates its costs, then yes, we can say we will have cost savings.

If the illness treatment system has other dynamics behind its costs such as ongoing introduction of technology, pharmaceuticals, provider-driven costs, then we cannot guarantee that. That is a problem that the government has to wrestle with in terms of what is driving up the costs within the sick care system.

Mr. Haggerty: I was thinking more of the Ontario public health nurses, I guess. I think you can recall a few years ago when the public health nurses entered the schools for the annual testing of the children for certain things such as eye or ear problems and other related health problems. I do not know how successful that is today.

Do we have the continuing program that we used to have before in the school system, where we used to catch a number of these problem out there? There were preventive measures at that time. I imagine there is a program now, but how successful is it? If they are moving from the educational system to these health care centres, is there going to be a closer tie in this particular area that we talked about of preventive health measures?

Ms. Metcalfe: To speak to that, yes, there is the screening within the school system that you do remember. It has been adjusted to those students who are at greatest risk for the development of various types of eye and hearing problems. As a matter of fact, with the revised mandatory core program guidelines which direct the programs of public health departments and are about to be released from the Ministry of Health, there is a strong thrust to screening at an even earlier age, backing up to day care facilities and more comprehensive screening at school entry than is currently being done now, in order to identify problems even earlier in children.

Screening is also part of the work done in community health related to various conditions that predispose people to various types of cancer and other types of diseases often caused by lifestyle choices. It is very much a thrust towards health education starting at preconception and moving on through new families, school years, adults and right into healthy ageing. The thrust of all of this is working with communities and families in communities to assist them to take more responsibility for the health choices they make by providing them with all of the resources they require in order to make the decisions.

Mr. Haggerty: Just on that comment, though, that is the point I am trying to get through here. A few years ago, when you had a new family move into the community, there was always that visitation of the school nurse. The public health nurse would visit that family and there would be continuing dialogue.

Then we went into a form of regionalization and we seemed to forget the old practice that was carried on that worked very well at the time with the designated health officer of the municipality. There was always that communication, and the communication always came in the final stage to the members of council, who would take a look at it and set new directions in that area. The communication was there, and I do not see that any more today, that we have such an outreach program in communities today.

Mr. Chairman: I think you have made your point, Mr. Haggerty. I am going to have to move on to Mr. Morin-Strom.

Mr. Morin-Strom: Thank you for an excellent presentation. It is interesting that you are one of the few groups we have heard from in the health care field. We have heard a tremendous number of presentations focus on the SARC report and the priority most of the groups have put on that. It is welcome to hear you put a strong priority on us dealing with the problem of poverty in Ontario as well.

It is particularly interesting, because there is a perception that comes heavily from the media, I think, that the number one concern in the province today is health care, that we are facing what has been characterized as a health care crisis in the province, particularly in terms of our hospitals. That is going into the community through the media attention it has received, and here we are getting a presentation from health care professionals, the Ontario Public Health Association, making your number one focus, it would certainly appear from your address, dealing with poverty in the province.

You are saying fairly explicitly that in terms of new dollar allocations, the priority, given the choice between putting \$400 million in federal and provincial funds into phase one of the SARC report versus putting another \$400 million into our hospitals or health care system—are you saying the priority should be dealing with the SARC recommendations, ensuring that they go ahead? Can I have a confirmation of that?

Ms. Metcalfe: Yes.

Mr. Morin-Strom: Can you give any idea what those kinds of funds might do in the health care field and why the priority should be on the SARC recommendations rather than having a further infusion of funds into the health care field itself?

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Ms. Harding: That is a very important question. We are bringing to your attention a vast body of international data and Canadian data that show where we think the best investment can be made at this point. Without a doubt, not giving \$400 million to the hospital and physicians sector is going to generate some flak. On the other hand, it is a better investment at this point to put it into the kinds of recommendations that the SARC has put forward, because it prevents the development of the problems that sector is purporting to face.

In preventing that, we are providing assistance and service to a vastly greater number of our citizens than into the very narrow kinds of service options that are available through the hospital sector, for example. If we put even a small portion, say, 50 per cent—that is not small, that is a reasonable portion—of what we would now put into developing more trauma units or more cardiovascular units into preventing that disease, we can help.

What can they do? They can do 400 people a year? Well, that money elsewhere will generate benefits to thousands, not just hundreds, and that is our perspective. It does not take away from the importance of that sector, but that sector is not underfunded.

Mr. Labonte: If you are asking the question now in terms of dollars and cents, you are asking a question that cannot be answered, because it rests on the presumption that our health care costs are directly related to how healthy or how sick the population of Ontario is. If you have looked over the last decade, the per capita expenditure on illness treatment has risen enormously, yet the actual disease incidence in the population has not, which indicates there are other factors pushing up those prices. If you put \$200 million or \$400 million into phase one SARC, what can be guaranteed is that you will have a healthier public.

Mr. Kozyra: It is along the lines of the question by Mr. Morin-Strom. First of all, I agree 100 per cent with you in getting behind a shift towards the community model of health care, health protection and promotion, as opposed to the high-tech, institutional quick fix, as you say.

My question is along the lines of implementation and the costs. Again, you say \$2.1 million. Let's say it grows to \$3 billion or \$4 billion. If the government at the time is committed to that, if it can find new money, fine. But assuming it cannot and other programs or priorities have to be either flat-lined or reduced, I guess the question is, to what extent is your association committed to help carry the message you are carrying today?

The government cannot carry it alone. It is an extremely important message. It is one that is starting—I do not mean to minimize it—and being understood in the community, but I think it has to be sold a lot more than it is at this time. It is probably the most important mission statement to carry, if this is to be successful: How committed are you, to what extent, over the years and so on?

Ms. Metcalfe: We are extremely committed to that initiative. As a matter of fact, in a meeting that we had with Elinor Caplan in the past couple of weeks, one of our agenda items was in fact to explore possible mechanisms, whereby we could mount conjoint initiatives with the ministry related to getting the message to the public in such a way that it will understand the other side of this picture, the community-based perspective, the promotion-prevention perspective as its importance is balanced with the treatment of illness.

We had a very positive meeting and will be working with Mrs. Caplan's staff in trying to work out mechanisms whereby we can co-operate more effectively. We also are very busy mounting a lobbying strategy that focuses on the two position papers that you have in front of you. We have been working very hard to try to tell the other side of the story to the media, only to find that they have not wanted to hear it.

It does not sell newspapers, apparently, unless you can talk about people dying in the streets. The kinds of issues that we are talking about are not nearly as visible, nor are they as obvious nor do they raise as much panic in the public unless you happen to be one of those people in a disadvantaged group or unless you happen to feel healthy today and you do not have a problem that you want to have fixed in an immediate way.

We are not going to stop telling our story and we are extremely committed to moving ahead with our initiatives and in building our membership so that we can strengthen our voice in this regard.

Mr. Kozyra: I am very glad to hear that. Just one word of comment or recommendation, that in the future, as you work co-operatively, you do maintain an arm's-length relationship from government because I think if you are associated as one and the same thing, your effectiveness and ability to help the government in this very worthwhile thing will diminish.

Ms. Harding: You need not worry. We are very careful of our arm's-length relationship and we certainly will defend to the death our right to criticize the government whenever it needs it.

Ms. Metcalfe: When I say "work co-operatively," I mean on those issue on which we have a similar point of view. I should qualify that.

Mr. Chairman: You people have synthesized very carefully and very clearly the problem that we face. You have articulated the argument extremely well. I have just come back from a tour of the United States where I saw people literally dying in the streets as a result of Reaganomics, and I do not want to see it happen here. I appreciate very much your presentation. Keep up the good work.

Mr. Jackson: And what if the government does not implement the SARC report?

Mr. Chairman: I simply indicated that I do not want to see it happen here. One way or another, we want to make sure it does not happen here. There may be different ways to do that.

Now we have the Ontario Confederation of University Faculty Associations. Their submission is being placed in front of you. We have with us John Starkey, the president and Marion Perrin, the executive director. Welcome to our committee. We have approximately half an hour. You can use the time as you wish, but please leave us some time to ask you some questions.

ONTARIO CONFEDERATION OF UNIVERSITY FACULTY ASSOCIATIONS

Dr. Starkey: Again, as in two previous years, I welcome the opportunity to present our case to the committee. This year it is perhaps particularly important because the Treasurer (Mr. R. F. Nixon) certainly made it very clear that he was only interested in meeting with people as part of the budgeting process who would help him contain expenditures.

Since our contention is that, in fact, the basic fundamental problem with the universities is that they are underfunded, we were not surprised when the Treasurer decided not to meet with us this year again, for the second time. It is therefore, as I say, particularly important for us to meet before you and hope that you will help us carry our message to the Treasurer.

I believe our brief has just been circulated to you. I apologize for not getting it to you ahead of time, but as you probably know, we were only invited to appear about a week ago and we did not have time to get it ready ahead of time. I will therefore take the liberty of reading through it rather quickly and then would certainly welcome questions afterwards.

An article appearing last year in Challenges, the glossy publication of the Ministry of Industry, Trade and Technology, invited readers to answer a trick question, namely: Name the fastest growing industrial nation in the world in terms of gross domestic product, the one with real growth of 4.9 per cent compared with 3 per cent for Canada, 2.7 per cent for Germany, 2.6 per cent for the United States and 2.2 per cent for Japan. The answer of course is that it is not a nation at all, but the province of Ontario. If Ontario were a country, states Challenges, it would rank as the 11th largest nation in the world in terms of gross domestic product. The economy of Ontario is booming.

In a recent submission to the Treasurer, OCUFA congratulated the government on the province's enviable economic record. We were pleased to be able to offer suggestions to the Treasurer on how he might go about sharing the benefits of Ontario's astounding prosperity with the people of the province. After all, it is through the energy and the talent of its people that Ontario has become rich, and this contribution must be rewarded.

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As Premier Peterson has said: "There can't be a social consensus or worker satisfaction without a genuine sense of social justice and a fair sharing of the benefits of prosperity. If we want ordinary people to be committed to the wellbeing of our economy, they must have reason to believe that our economy is committed to their wellbeing."

One means of achieving this is to deal more generously with the public institutions which serve the needs of the province's people. Ontario's recent boom provides an excellent opportunity, for example, to correct the continuing state of neglect with respect to the funding of its post-secondary institutions. Such an initiative would undoubtedly be welcomed by the people of the province.

In a recent poll conducted by the Ontario Institute for Studies in Education, 60 per cent of those surveyed thought the government should spend more on all levels of education. Almost half of those who supported increased spending said they would agree to higher taxes, while an equal number favoured a reallocation of government revenues. Only six per cent favoured spending cuts.

These findings contrast with a 1979 study where only 35 per cent favoured more educational spending and suggest an increasing public awareness of the value of higher education. Almost two thirds of those surveyed said that some form of post-secondary education is essential and two thirds were strongly opposed to curbs on accessibility.

Despite widespread public support for higher education and despite an increase last year of 11.6 per cent in provincial tax revenues, the Ontario government continues to starve the province's universities. This year's announcement of increases to base budgets of less than four per cent, significantly below the rate of inflation, prompted the Council of Ontario Universities to issue an unprecedented condemnation of the government for its blatant disregard of the universities' pressing financial requirements.

Provincial expenditures on post-secondary education have been falling steadily for almost two decades, dropping from 6.2 per cent of the budget in 1972-73 to a current level of only 4.6 per cent. In the last decade, general government spending has kept pace with the growth of the Ontario economy, but spending on Ontario universities has fallen 23 per cent behind.

Ontario's record is especially poor considered in comparison to other jurisdictions. The richest province in Canada—incidentally, I just got through saying it was the 11th richest in the world—ranks sixth with regard to operating grants per student and ninth when operating grants are considered in relation to provincial wealth. The recent COU study of universities in the United States shows how poorly we compare with our biggest trading partner. While grants per full-time student have exceeded inflation in the United States, they have declined in Canada, including Ontario, by 15 to 20 per cent.

The manifest indifference shown by successive provincial governments to the funding needs of the post-secondary sector has led to physical deterioration and declining quality in Ontario's universities. OCUFA has detailed on other occasions the deplorable conditions which are the result of chronic underfunding.

In overcrowded classrooms on campuses across Ontario, students are sitting on floors or in the aisles. In laboratories, potentially unsafe conditions are created, as students are forced to share outdated equipment, sometimes with insufficient supervision. In depleted libraries, students are forced to join long waiting lists for books. Thousands of periodicals have been cancelled. Professors are unable to see most students on an individual basis, as enrolments escalate and faculty numbers remain virtually constant.

There are those who believe that the solution to the underfunding of Ontario universities lies in turning increasingly to private sources for financial support. The existence in this province of a top-notch public education system has been a point of pride for generations of Ontarians. The increasingly close relationship of the universities to private industry is a trend which concerns many in the university sector, some of whom fear that the surrender of academe to the marketplace constitutes an attack on pluralism and a threat to academic freedom.

The February 1989 edition of University Affairs contains an opinion piece by social scientist David Scheffel which gives voice to these concerns. Scheffel points out that, historically, places of advanced learning have been among the first targets of the enemies of pluralism. He states a belief that "the imposition of the corporate model on Canadian universities and colleges [represents]...the replacement of an open set of values with a closed one, leading to the eventual incorporation of academic institutions into the sector of profit-oriented business."

There is reason to be concerned that allying with the private sector in order to gain its financial support would be detrimental to the critical thinking and independent learning which are the hallmark of university scholarship. The temptation by private interests to exert a heavy influence on the structure, content and direction of higher education would be irresistible and would not be in the best long-term interest of the people of Ontario.

At a conference on post-secondary education sponsored by the Ministry of Colleges and Universities in October of last year, the luncheon speaker, Michael Adams of Environics Research, was explicit in warning those in attendance that government support for education is declining and that the private sector offers an increasingly viable alternative:

"....it seems pretty clear that you are going to have to change in a rather fundamental way your approach to running post-secondary institutions. I believe you are going to have to start running your institutions like businesses and that you must become less and less reliant on government and more and more reliant on your customers and the private sector for financial support."

Universities are already involved in an array of commercial services. They lease space to travel agencies and banks, show commercial movies, provide computer services and conference facilities and rent auditoriums and other space for a variety of purposes. They are turning more and more to the leasing of space and selling of land in order to raise much needed cash and are looking at other kinds of money-making ventures, including gravel mining, public parking and the leasing of university logos for use on commercially sold products.

There are, however, very real constraints on the entrepreneurial initiatives of universities, and rightly so. A scheme to sell library collections to private interests, who would capitalize on their depreciation allowances and then lease them back to the universities, was quashed by the government. One of the reasons given for this was that assets purchased with taxpayers' money should remain in the public domain. The Treasurer argued rightly that it was an inappropriate use of the tax system, and at one point threatened to withdraw the grants of the offending institutions.

Private funding is simply not the solution to the underfunding of universities in Ontario. Universities must be publicly funded because it is in the interests of the people of the province to have centres of higher learning which are free from private self-interest; and if the universities are to attain the world-class status which was promised by the present government, they must be funded much more generously.

OCUFA has estimated that the universities need an annual increase of some eight per cent in base operating grants over and above inflation for a period of five years in order to retire the cumulative shortfall and put operations on a sound base. An essential element in this program must be the hiring of at least 1,500 additional faculty, in order to restore student-faculty ratios to 1970 levels in Ontario.

It has been predicted that by the mid-1990s there will be a shortage of university teachers, because many of the faculty members attracted to the universities in the 1960s will be retiring and universities simply do not have the resources to compete with the salaries paid in the private sector. This situation must be addressed now, before it is too late. The capital requirements of the universities are also not being adequately met and funding

must be dramatically increased to alleviate the effect of enrolment increases and to allow necessary maintenance and repair.

Ontario's universities make an essential contribution to the economy and to society. They educate highly skilled workers. They contribute to the preservation of culture and the advancement of knowledge. They provide an avenue for those disadvantaged by economic circumstances to achieve mobility through the attainment of higher education. They contribute both directly and indirectly to the economic prosperity of the province. Their efforts, however, are being constantly undermined by insufficient funding. If Ontario is to stay in the forefront of economic progress, the government must make a substantial investment in the province's post-secondary institutions.

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We urge this committee, in its report to the Legislative Assembly, to make strong recommendations on behalf of the university sector. If Ontario's universities are allowed to deteriorate further, Ontario will be the loser.

The last significant infusion of funds into the universities occurred during the 1960s. That investment has yielded substantial returns. All indications are that the demand for higher education is not abating and that present resources will continue to prove insufficient to meet the system's needs. Ontario has the resources to ensure that its universities are world-class. What seems to be lacking is the political will to make it happen.

Since preparing the brief, I have had occasion to see the COU brief which was presented to you yesterday. Certainly we found a lot with which we have sympathy in that brief, but I must say that I found it overall a little bit too optimistic. At one point, they suggest that Canada may proceed to a new status as a Second World nation with Ontario in the lead. I believe that if we do not support our universities adequately, if we continue with our present trends, not only will Ontario not be in the lead of Second World nations, we will be a deteriorating nation and we will be lucky to be in the Third World among nations.

Another document which came to my desk yesterday was from the alumni affairs office of my own university, the University of Western Ontario, which quotes interviews by a number of people commenting on the next 50 years. Lyn McLeod, the Minister of Colleges and Universities, is quoted as follows, "Ontario universities will have to manage without greatly increased government funding."

Frankly, ladies and gentlemen, that is not possible. If that really represents the view of this government, then we are very definitely being shortchanged and this government is putting the future of this province at very great risk.

Mr. Chairman: Thank you very much. Your presentation gives us a bit of a one-two punch following up on the one from yesterday.

Mr. Kozyra: My first question relates to the additional faculty required if we are to hit the 1970 ratio. If the funding were there for that, do you see any difficulty in acquiring those numbers of faculty? Right now we are looking at a teacher shortage in the elementary and secondary school situation and it is going to increase over the next few years. Do you see that same problem or are the people and the potential there for this new staff?

Dr. Starkey: At the moment, I would say that there is a fairly large pool of people available to be had by the universities who are currently sitting on limited-term, part-time contracts, but I do not believe that there are sufficient numbers there to fill all of the places available. I think there would probably be some shortfall, even if we were given the money today to hire 1,500 new people.

However, the situation is even worse, because in the next 10 to 15 years those hired in the 1960s will be retiring. There are a large number of those, because the expansion in the university system took place in the 1960s.

We will be looking at a requirement for thousands, and by thousands I think the best estimate would be something of the order of 4,000 or 5,000 additional faculty by the end of this century. We are not just looking at finding 1,500 faculty members, who are needed immediately needed today; we are looking at having to find several thousand more and feeding them into the system between now and the end of the century, and those people are not here.

In terms of the number of PhDs per capita, Canada has half of the number that they have in the United States, for instance, half of the number that they have in the countries that are our other economic competitors in Europe. We have a shortage of trained people, people trained at the level necessary to enter into the universities.

In the 1960s, I would remind you, Canada's expansion was largely fuelled by importing large numbers of academics. The chances are that we may in fact have to do exactly the same thing by the end of this century. However, again, it turns out that other countries are also no longer producing surpluses of people. In Great Britain, as you probably are aware, they are cutting back on their university system. We will not have the option of going outside Canada to hire the additional faculty that we will need.

We will be up against a serious crunch in having qualified people to teach in our universities by the end of this century if we do not start rectifying the situation right now. It takes 10 years at least to teach somebody or to train somebody to be a university professor: a four-year bachelor's degree, a two-year master's, a four-year PhD. We have to start now in order to have those people ready by the end of the century.

Mr. Kozyra: We would have to start sending out those right signals.

The second question relates to the threat to pluralism, as you put it, and I agree with the rationale you developed. Your focus was on if it shifts to the corporate support or heavy corporate involvement. I am wondering whether you have the same fear if the shift is towards greater and greater alumni support and whether you have figures to indicate Canadian alumni support at universities as opposed to American—I would suspect that our alumni support is lower than American support of their universities—and whether that shift also in your mind forms a threat to pluralism.

Dr. Starkey: I do not think there are problems with a threat to pluralism. But if one looks at the data available for the States and Canada, these were presented in a brief by the Council of Ontario Universities last September, and they indeed did show that the alumni support for US institutions on average is higher than similar support in Canada.

The council went on to explain, however, that this reflects a very different mindset, a very different environment, in the United States than

exists in Canada. They did not feel—and I think quite rightly so—that Canada would generate the same level of support from alumni as has been generated in the States.

If one looks at Britain, to look at the other end of the scale, in Britain the support from alumni associations is virtually nil; it is much less than in Canada. As in many things, Canada seems to be part way between Britain and the United States in this regard.

Mr. Chairman: We have that material here, incidentally, Mr. Kozyra. We are just looking through the report at the moment.

Mr. Kozyra: Fine. Thank you.

Mr. Jackson: John, thank you for an excellent brief. I am pleased you made reference to the presentation yesterday by the Council of Ontario Universities. I think at that time, Dr. Alvin Lee, from my alma mater, made reference to Ontario's post-secondary educational support, and he said this government was in a perverse pursuit of lowered quality. Would you agree with that quote, based on the direction that funding is going in this province?

Dr. Starkey: Yes, I think the data are fairly clear that that must be so. Whatever the motives are, the government is showing at least a high level of cynicism.

If one looks at the very recent past, at what happened last year, given a projected large increase in enrolment, the government offered money to pay for the extra students coming in. Of course, in the final analysis, the amount of money made available was far less than that which would be required to fund all of those students coming in at the full level; so basically, the cost of education of those increased students was discounted by the government.

Mr. Jackson: The accessibility envelope actually has a financial penalty built into the structure—

Dr. Starkey: Indeed it does.

Mr. Jackson: This is in fact how the accessibility envelope works in Ontario.

Dr. Starkey: That is right; it does.

Mr. Jackson: In the interests of time, I wanted to move very quickly through several items with you, John.

I am looking for common themes, with you representing the faculty responsible for academic instruction and with representatives of the COU who were here yesterday to talk about the delivery of the entire post-secondary program. They indicated concern about provincial initiatives that are not costed down at the university level, with no funding source to pay for things like pay equity and changing working conditions and so on. You have no additional funding sources.

They suggested, at the end of their presentation, that they had taken a position with respect to increased tuition and capping accessibility. Has your organization come to grips with those two issues? Are you comfortable commenting on it? I think it is a reasonable question to raise in terms of: If finite but additional dollars are available, are there other strategies that may have to be implemented at the university level?

Dr. Starkey: To answer your two specific questions perhaps in reverse order—I lost the thread there because you went on to a third question which I am having trouble grappling with.

Mr. Jackson: It was about the increase in tuition or the cap on accessibility and then the government's providing funding to match the legislative obligations that it put on universities. A school board can go to a municipal tax source—

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Dr. Starkey: That is right.

Mr. Jackson: —to act as a revenue venturi, but you do not have that option at the universities. You just absorb it, so you reduce students, cut faculty or allow your capital to depreciate. Those are your basic options.

Dr. Starkey: I will do what in fact we have been doing and that is allow quality to deteriorate in a whole host of other ways involving libraries, equipment, etc.

The issue of caps is fairly straightforward for us, in that we have always maintained that Ontario needs all the students who are interested in going to university and who have the capability of going to university. Ontario needs those people and we are going to need them increasingly in the 21st century. To us, artificial caps based simply on some magic student number, based on funding restraints, makes no sense whatsoever as either a fiscal restraint or an economic restraint, let alone a social restraint.

With regard to the fee levels, I have said before this committee in the past that the fee levels seem to be more or less acceptable to most students at the moment, but I think in reality the level of student fees is really being used very much as a red herring. The actual cost of attending university of going to university—I have a child who went through just recently and I have one there at the moment—especially if you go away from home to university, is very high.

At a guess from my own experience, I would say it is of the order of \$7,000 or \$8,000 per year, of which fees are a very small amount, relatively speaking—\$1,300. The major cost is the living cost, the books, the survival costs of the students while they are away at university. The total cost of education is a real barrier to the poorer segments of society. To add increased fees to that, as you seem to be prepared to do, to increase the cost of education beyond those levels frankly is unconscionable.

That is far too high a cost. At the present time, the ratio of grants to loans available through the Ontario student assistance program will not meet all those costs. They will meet rather than less than half the costs, so that people have to put money up front when they go to university. I emphasize the putting up front, because when you actually enter the university door on September 1, you had better have \$2,000 in your hot little hand to pay your fees, which have to be paid immediately, and to buy the initial books you need to start studying. That represents a real barrier, I think, to people attending university.

It is not, as I say, that the fees are insignificant, but I think they are largely a red herring. I think it is something that has to be taken in perspective. If I may, at the risk of sounding patronizing, I think programs

of looking at subsidizing housing, which you yourself have mentioned, are very important, perhaps even of at least equal importance as the OSAP funding system. I think we have tended to concentrate on the direct educational costs and not the living costs of students attending universities.

Mr. Chairman: When you dismiss out of hand capping accessibility—the administrators did not, incidentally; they hinted this may be one solution—are you dismissing the concept of perhaps diverting some of these potential students to skills training in community colleges where we are not getting the same increased enrolment?

Dr. Starkey: Yes, because we do not accept that the colleges are in fact a substitute for the universities; they are an alternative. Certainly, students should have the freedom of choosing which institution they wish to go to. They should not be forced to go to one rather than the other because of artificial constraints. I might say too that when you suggest that my dismissing caps out of hand while the administrators propose caps—

Mr. Chairman: They did not necessarily propose them, but they suggested that was one solution.

Dr. Starkey: I think we are talking about solutions to two different problems. Their problem, I suspect, is that at the moment they are getting very little money to run the institutions as they presently exist. They are concerned about the quality of education, about how they can handle more students. Given a finite amount of money, finite resources and finite physical plant, one can understand why one would say one can take only a finite number of people. There is a logic to that.

What I am saying is that putting all that aside, from the point of view of the health of this country, the health of this province, the health of this economy, we cannot afford to let these minds go to waste. Therefore, all of these people who are able to attend university and benefit from university and who are prepared to invest the time and money required to go to university, should be encouraged and allowed to do so. We are talking about capping in the context of two different problems.

Mr. Morin-Strom: Thank you, Dr. Starkey, for another presentation. I wish it was not necessary for you to have to come before us again this year, making a very similar presentation to the one you made last year, obviously one that has had no impact on the Treasurer (Mr. R. F. Nixon) or the Minister of Colleges and Universities (Mrs. McLeod) according to the statement you have just read to us this morning.

I think you have a real problem in getting through to this government on this issue. We already have problems of accessibility in terms of that issue. Certainly the suggestions yesterday, that we may see capping in terms of accessibility, in fact just further compound the costs of education, as you say, particularly for those who do not have a university available or who have an insufficient university in terms of programs available in their home community. The cost of having to go out of town to university is just prohibitive for even the average family in Ontario.

I come from a community in northern Ontario, Sault Ste. Marie, one of the larger ones without a significant university. We have an affiliate of Laurentian University, but the program range is extremely limited. The reality is that most students have to go away from our community. It is the same for rural Ontario and much of northern Ontario. They have to go out of town in

order to get a university education. The barrier of the cost and the inadequacy of programs, such as the Ontario student assistance program, prevent those families from being able to send their children away. As you say, they have to look at other alternatives, whether it is community colleges or doing directly into the workforce, because they just do not have a choice.

One of the issues, it seems to me, that maybe you should be looking at in presenting your case is whether we could have some tangible measures, as you call it, of the declining quality in Ontario's universities. As I recall from when I was at university doing graduate work, in every field there is a fairly well-known pecking order of status of departments, particularly for people, as you say, studying for PhDs and so on, of where the best graduate schools are and what the ranking of those schools is. In some cases, in some faculties and departments there are surveys done and rankings published of various academic departments.

I wonder if it would be possible to collect information that would exhibit clearly the problems Ontario universities may be facing in terms of their status in comparison with other institutions, particularly in the English-speaking world, which I think we would be looking at here, and even within Canada, how our universities are ranking not just in terms of quality of staff, but also of attractiveness to students and where students are deciding to go, those who have the ability to choose various faculties when they are really looking at specialized work. Do you have and could you exhibit some clear documentation that would exhibit the fact that we are not stacking up favourably versus some of the American universities or others as well?

Dr. Starkey: Several things could be said on that. First, it is always difficult to know what parameters are going to be acceptable. A couple that come immediately to mind would be to look at things like student-faculty ratios, which are higher here than in the United States. They are roughly 20 to one here and in the United States they are about 15 to one. Look at the amount of money spent on education here and in the United States and other jurisdictions, and there we find that the amount of money per capita per student is certainly a lot less in Canada than in the United States, and than in the other countries.

Unless you are prepared to argue that in Canada we can do much better with less, or do as well with less, I think that suggests there may well be something wrong. It is not a hard quality judgement, but I must say I basically believe that you get what you pay for and we are not paying for a hell of a lot. We are talking about accessibility, but again accessibility to what?

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There is another observation I would share with you too, and that is that until a couple of years ago, people were not talking about quality of education in Ontario. We were all going blithely on talking about underfunding and various other issues, and nobody was prepared to say, "Hey, maybe the quality of Ontario universities and particularly of my own institution is not quite as good as it could be."

For obvious reasons, the presidents of the universities were loath to say these things and the individuals in the universities were loath to say these things, but in the last two years that has changed. We are hearing a great deal now about lack of quality of education in Ontario. It is even in the Council of Ontario Universities brief that was presented to you yesterday.

I suggest for that to have happened must mean—I am sure it means—there has been a perceived real decline in quality by the people making these statements to the extent now that they can no longer afford to ignore it.

I think the decline in quality—I think, I believe; I am not presenting you with data—started a long time ago. It started at least 10 years ago, but it is only now that it is clean and we can start talking about it.

Giving you a personal anecdote that perhaps will illustrate—

Mr. Chairman: I wonder if you could summarize very quickly because we are running on.

Dr. Starkey: I can give you one personal anecdote that will summarize my ranking of universities. I have a son who wants to go to graduate school next year. He has applied to universities in the United States in computer science. That would be my advice to students in science: Go south, young man or young woman, because Ontario does not support universities and graduate programs at a sufficiently high level.

Just in closing, I would like to make one other comment, which is not perhaps an immediate answer to the question you have raised, but I think it is very easy to become blasé and say: "Well, all these people keep asking for is money, more and more money. Where is the money going to come from?" I would certainly be quite happy to talk to you about that at length, but I will give you one piece of information.

The federal government, under the Patent Act, has agreed to give to the provinces \$25 million per year for each of the next four years. Ontario's share of that is over \$9 million. Now all of the other provinces except Saskatchewan and Alberta, where the decision is not yet made, have put in place a mechanism by which that money will be funneled into medical and pharmaceutical research. That was the string attached to it by the federal government. The money was to be used for pharmaceutical and medical research.

Ontario has not made that commitment. It has not put in place any mechanism to distribute that money; in fact, quite the opposite. What Mr. Nixon has done with that money is put it in general revenues. There was an opportunity where they were given \$9 million, a windfall, to invest in research in this province and they have chosen not to do it. Again, I repeat the final remarks of our brief: It is not lack of resources that prevents the government from doing what we say; it is lack of political will.

Mr. Chairman: Thank you very much for your submission. We appreciate it very much. We will be writing our report next week and we will give you a copy. Just while we are waiting for the next presenters to take their place, yesterday when the COU made its presentation one sentence stuck out on page 2, "Ontario commits significantly less of its resources, as measured by gross national product, to public expenditure than any other jurisdiction in the country." They are quoting from their own Financial Position of Ontario Universities, 1988. We are looking for the source of that and so far we have not really—we have some material that somewhat supports it which we will distribute, rather than distribute the whole document which is rather large, but it is a little ambiguous.

Next, we have the Mississauga Board of Trade with Steve Dunk, chairman of the tax committee. Mr. Dunk, welcome to the committee. We look forward to

your presentation. I am sorry we let the last presentation go on a little long. We will try and give you up to a full half-hour, if you need it.

MISSISSAUGA BOARD OF TRADE

Mr. Dunk: First, I would like to turn the first portion of our presentation over to Adam Leamy who is the director of policy and research for the Mississauga Board of Trade, to deal with the first half of our presentation, and I will finish up at the end.

Mr. Leamy: I apologize for the last-minute confusion here. The members of our subcommittee, as of yesterday, had some difficulty in securing a commitment to attending today, so I am filling in at the last moment here. I am Adam Leamy and I am the director of policy and research for the Mississauga Board of Trade. I will be delivering the transportation component of our submission.

The Mississauga Board of Trade, created in 1976, is a very young organization in a very young city. In 1981, when there were 8,000 businesses in Mississauga, the board's membership stood at 500 companies. In 1987, there were roughly 13,000 businesses in Mississauga and the board's membership consisted of 1,700 member companies or 3,200 individual members.

Building activity in Mississauga continues at a phenomenal pace. In 1986, the value of building permits issued for industrial-commercial, residential, educational, religious and institutional projects was \$1.1 billion. In 1987, the amount climbed to \$1.4 billion. Last year, 1988, saw the city issue \$1.7 billion worth of building permits, making it the third year in a row that Mississauga has topped all Canadian cities in the value of building permits issued.

While the availability and cost of land in Mississauga and the city's quality of life and proximity to Metropolitan Toronto cannot be discounted as contributors to the dynamic growth, it remains that a major selling point for Mississauga is the transportation infrastructure serving the area. Highways 401, 403 and 410, the Queen Elizabeth Way, railway lines and Pearson International Airport have each been instrumental in the city's ability to attract economic development.

The importance of the transportation infrastructure in Mississauga's economic development is reflected by the high percentage of the city's employment base involved in transportation-dependent activities. A recent city-commissioned report advises that of the 220,000 employees in Mississauga in 1986, just over 29 per cent were involved in transportation-related activities.

The Mississauga Board of Trade is all too aware of the city's role in transportation-related activities. That Ontario is the trucking capital of Canada is a recognized fact. Almost half of the total number of shipments made by the trucking industry in Canada originates in Ontario. The Ontario Trucking Association advises us that 173 companies, or 16 per cent of its membership, is based in Mississauga, making our city the trucking capital of Ontario.

We are also aware that our city's workforce is a highly mobile one. A recent report from the city's economic development office estimates that some 57 per cent of the city's workforce commutes to Mississauga each day from

locations outside the city limits, such as Metropolitan Toronto, Brampton, Oakville and surrounding centres.

I recognize that what I have said so far may be seen as little more than an advertisement for the city of Mississauga. The Mississauga Board of Trade would be remiss, however, if it did not emphasize the city's rapid growth and the key role that transportation infrastructure plays in the maintenance and development of Mississauga and its business community.

In knowing the relationship between transportation infrastructure and our city's ability to sustain economic activity, the Mississauga Board of Trade is extremely sensitive to the damage that can be inflicted upon our community when our roadways are not efficient and effective in their purpose.

We believe the city of Mississauga has recognized the need for roadway construction and improvement, as is evidenced by its increased financial commitment to transportation funding. In 1987, the city's gross roads budget was \$27.8 million and the Ministry of Transportation subsidy was \$5.8 million. In 1988, the city's gross roads budget climbed to \$34.1 million and the Ministry of Transportation subsidy rose to \$6.2 million.

We acknowledge and appreciate the contribution the province has made to city efforts to improve local and major roads in Mississauga, but it remains that in spite of these sizeable sums devoted to roadway improvement, our roadways are not becoming more efficient, and as a result we are beginning to see businesses in Mississauga relocate to other areas.

We do not for a moment believe that our community is the only community suffering because of transportation inefficiencies. Traffic congestion and the negative externalities it generates is a problem in many parts of the province and many centres across Canada and in other countries as well, particularly the US. Recent figures from the Roads and Transportation Association of Canada show that between 1975 and 1985 spending on road systems across Canada by all levels of government actually declined by 19 per cent when moneys spent were adjusted for inflation.

In 1989, this overall decline in funding is particularly true of Ontario. We are disturbed by the recent announcement by the Treasurer that provincial road subsidies will remain at the 1988 total of \$678 million. Again, when adjusted for inflation, this figure represents a decline from the 1988 total.

The Mississauga Board of Trade recognizes that funding of roadwork has not been a priority expenditure for the province in recent years, with health, education, community and social services, colleges and universities taking precedence. Nevertheless, we encourage the government to renew its commitment to this equally essential component of community life by increasing its financial involvement in road repairs and construction.

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No discussion of transportation issues would be complete without some comment on the need for and the important role of expanded public transit. We commend the government for the funding it has provided to Mississauga Transit. In our discussions with officials of our city's transit authority, we learned that the province has recognized the rapid growth of the city and the demand such growth creates for a comprehensive public transit service.

The Mississauga Board of Trade also supports increased and effective public transit in Mississauga and has lobbied successfully for completion of the Highway 403 arterial road and its exclusive busway. We have also supported private sector efforts to initiate commuter bus service into our city from outlying centres. While our city is very much geared to the automobile during these years of rapid development, we believe that promoting increased public and private commuter transit will do much to facilitate greater mobility in and around our city.

However, as we do not have an underground subway or a light rail transit system, our public transit must compete directly with vehicular traffic on roadways. Without relief to our congestion problems, our buses are subject to the same vagaries of excessive traffic volumes as are other vehicles. The end result is that in spite of the province's strong commitment to public transit in our community, roadway congestion is acting as a disincentive to those with cars to switch to public transit.

We recognize that congestion on our city and regional road system is due in part to the rapid growth of Mississauga. However, that the problem is also due to the diversion of traffic from congested highways on to local arterial roads cannot be overlooked. We believe the completion of Highway 407, while not in itself a panacea to traffic congestion in the greater Toronto area, will achieve many goals, including a reduction in the diversion of highway traffic on to our city and regional roads.

In the year since The Urgent Need for Highway 407 in Peel Region was submitted to the government by Peel regional council, there has been no indication from the province of when it will undertake construction or allocate funding to the Peel region section of the project. The report documents the importance of the Peel region section of Highway 407, and the Mississauga Board of Trade urges the province to deal with this transportation issue in the forthcoming budget.

In summary, the Mississauga Board of Trade recognizes and appreciates the demands placed on the government to respond to the needs of Ontarians. In discussing transportation issues with the committee today, we are reflecting the importance of this issue in our community and our desire to see a greater commitment to transportation in the Ontario provincial budget.

For its part, the Mississauga Board of Trade will continue to support efforts aimed at initiating and improving public and private commuter transit in Mississauga to ensure that alternatives to the private automobile exist and are effective.

Mr. Dunk: Thank you, Adam. I will continue with the second half of our presentation dealing specifically with taxation issues.

We are pleased with the general direction of the government to increasingly target tax programs to those most in need. In this regard, we agree with the proposals in the 1988 Ontario budget to use the combined net income of spouses and supporting individuals in a household as a test for benefit eligibility under the Ontario tax credit program.

We also applaud your decision to amend the capital tax provisions for small businesses. Eliminating the capital tax on corporations with total assets and gross revenues of \$1 million or less and introducing flat amounts on corporations with relatively low taxable capital will substantially lessen the administrative burden placed on many such businesses.

However, we are dismayed that the three-year exemption from Ontario corporate income tax has been discontinued for corporations that are incorporated subsequent to April 20, 1988. It is vital that the province encourage new small businesses to locate in Ontario as these companies are an important source of employment. It is increasingly evident that more jobs are created by small owner-managed businesses than by large corporations.

The introduction of the Ontario manufacturing and processing current cost adjustment and the research and development superallowances are also welcome incentives. It is important that we continue to encourage business investment and development, particularly if we are to remain competitive in light of the free trade agreement.

We urge the government to administer the research and development incentive very carefully, however. It is the experience of our members that small businesses are frequently required to expend a significant amount of their tax savings from research and development incentive programs as professional fees to convince Revenue Canada that the project involves qualified research and development.

Further, we recommend that Ontario not attempt to evaluate research and development claims on its own. Rather, it would be more efficient for both taxpayers and the government to follow the decisions made by Revenue Canada about whether an expenditure is eligible research and development.

The Ontario home ownership savings plan may work reasonably well for individuals living in areas where housing prices are not increasing at a significant rate. Again, this was a provision introduced in last spring's Ontario budget. However, if house prices continue to rise at rates experienced in the Mississauga and Metropolitan Toronto areas in the past few years, a person making annual contributions to such a plan will fall further behind in attempting to accumulate funds to purchase a home. The plan may be better structured to provide an immediate incentive to purchase a home by granting a larger upfront credit to qualified individuals.

Alternatively, the plan could provide that taxpayers purchase a home today and receive the tax credit in following years. For example, a taxpayer could purchase a home in 1989 and receive a tax credit of \$500 a year for each of the next five years. This would result in the same net cost to the province as an individual depositing \$2,000 a year for five years to an OHOSP and using the funds at the end of five years to purchase a home. The advantage is that the individual would be able to purchase a home today, prior to further inflation in the cost of housing.

We agree that certain features of the plan, such as limiting the credit to lower-income families, is a good idea. We have not yet seen data to indicate whether the province's revenues will be affected by federal tax reform changes. If additional revenues have been derived, we recommend that they be used to reduce the existing budget deficit.

There should be no increase in corporate income tax rates in the near future. We are becoming increasingly concerned that the low corporate income tax rates in Quebec and the United States will result in a loss of business activity to those locations. This situation may be aggravated by the introduction of the free trade agreement. This concern applies to both a loss of existing businesses and potential new businesses. I can tell you from a personal perspective that these business losses are occurring.

Ontario should pressure the federal government to adopt a new sales tax system as soon as possible. The continuing uncertainty in the business community resulting from the lack of a decision on this matter is unacceptable and inhibits proper business planning. The board's inclination is that a national sales tax is the best of the alternatives presented by the federal government to date. Under the national sales tax, both federal and provincial sales taxes would be removed from business inputs, thereby strengthening the position of Canadian exporters and removing the present bias in favour of imports. Under the other alternatives, a certain amount of provincial sales tax may remain on business inputs.

The national sales tax would be the simplest option for most taxpayers to administer, as taxpayers would only be required to deal with one set of legislation and tax administration. The federal and provincial governments should also be able to reduce their costs, as the existing 10 federal and provincial tax administrations may be replaced with one.

However, in order for a national sales tax to be workable, the federal and provincial governments must agree to enter into long-term agreements to ensure that a common tax base is established and maintained in all participating jurisdictions. No province should have the ability to introduce unilateral changes to the tax base; for example, to exempt certain goods in their jurisdiction. If a change is to be made to the tax base, there must be an agreement among all participating jurisdictions. Without a common base, both at the outset of the system and in subsequent years, the system would become too complex and expensive to administer. Exemptions should be kept to a minimum to ensure the system does not become exceedingly complex. If the current Ontario provincial sales tax is replaced by a national sales tax, we recommend that the revenue effect be neutral.

Ontario should also continue to study the merits of adopting a federal-Ontario corporate income tax system. Such a system would again greatly reduce the compliance cost for taxpayers. Cost reductions would also be realized by the province. No audits of corporate income taxes would be required, as this responsibility could be assumed by Revenue Canada. Significant staff reductions should result, although an audit group would still be required by Ontario to ensure taxpayer compliance with capital tax.

We recognize that the maintenance of a separate income tax system enables Ontario to provide certain incentives not offered by the federal government and also to tax additional items which are not taxed by the federal government. However, we question whether this flexibility and possibly the incremental revenue which Ontario derives warrants the additional costs of ensuring compliance.

In summary, we are pleased with the general direction to target tax programs to those in need and with the recent amendments to capital taxes. We strongly recommend that corporate and personal income taxes not be increased to preserve our ability to compete with other jurisdictions. Ontario should pressure the federal and other provincial governments to adopt a national sales tax system.

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Mr. Ferraro: Thank you very much for the presentation and also for the tone of your presentation. Being government members we sometimes get flailed by delegations, much to the enjoyment of the opposition and the chagrin of members. In this particular case, I suspect they wish you guys were a little rougher on us than you were.

I have a couple of questions. The first question I have deals with page 6, where you talk about the Ontario home ownership savings plan. You indicate that indeed the costs of housing in the Metropolitan Toronto area, Mississauga and even in my area of Guelph are increasing at a dramatic rate, to say the least. Admittedly, OHOSP, while having some benefit, is not having the benefit one would want.

I am just wondering, when you say the plan would be better structured to provide an immediate incentive to purchase a home, would that not really aggravate the situation—when one considers the availability and cost of land—and aggravate the housing situation?

The second part of it—I wonder if you would comment—is a novel approach whereby you are creating an immediate incentive and subsequently giving a tax credit for a period of time. To play the devil's advocate for a minute, if you are the Treasurer, why the hell would you want to give them a tax credit if they are in a position to buy a house now?

Mr. Dunk: To address your first issue of whether it will aggravate prices, possibly yes. I do not have an answer for that. One would hope that new home buyers are not the only ones who are in the marketplace. I do not believe at this point that this incentive program is creating a demand in the industry five years out. So I do not see, personally, that a shift back to today would aggravate the existing price structure. Economists could perhaps argue that point with me.

On the second issue, dealing with allowing the credit five years out, I propose that as another alternative, in that it has no further revenue cost to the province. If we were to say, for example, "Instead of giving somebody a credit five years hence, let's give him the credit today," there is a cost to the Treasury because of the time value of money. Recognizing that, perhaps what we can do is get people to buy today and then we will give them the extra money down the road, perhaps assisting them with their mortgage payments, because they may be taking on additional debt to buy the house today whereas they would have borrowed more money later. Really, I see this proposal to grant credit later more as providing mortgage assistance to them in the upfront purchase price.

Mr. Ferraro: Maybe the real solution to the problem is if we can get the city of Mississauga to share its lot levy fund with the rest of the province.

Mr. Dunk: I will refer you to Hazel McCallion.

Mr. Ferraro: I am sure you will, although she is always crying the blues, no matter what.

You indicate there should be no increase in corporate income tax rates in the near future, from the standpoint of being competitive in business. The opposition, and indeed members of my own caucus, have argued on occasion that the tax structure, as it exists at present for federal and provincial corporations, is much too lenient, that many large corporations are not paying taxes or that they are not paying their fair share, and that this is a source of tremendous amounts of revenue for the government good, if you will. Would you comment on that?

Mr. Dunk: Perhaps Ed Broadbent is one of the principal proponents of the theory that there are a number of corporations in Canada ripping off the

taxpayer by not paying any corporate taxes. There are very good reasons why the statistics they quote are, in my view, misleading. Look at corporate structures and the way they are stacked; if you impose taxes at every level, it makes no sense from an economic perspective. It is going to distort the way people do business.

Generally, if you have businesses operating in the province that are not holding companies—holding companies, for example, will very seldom pay corporate income taxes, because they are receiving dividends from other companies that have already paid corporate tax. So if you tax them through every single level, you will have nothing left when the money gets to the shareholder. We can debate all day whether that is fair or unfair, but that is the way the system is.

Mr. Ferraro: I suspect you are going to have a little debate coming up—not with me, mind you.

The last question I have refers to your comments about the national sales tax, and of course the Treasurer of Ontario is on record that he is not supportive of it. I want to deal with the comment you have made. I am speaking hypothetically, of course. If the feds bring it on stream, then it poses a different problem. Indeed, do we want two systems of tax for our businesses? That is something the government will have to deal with.

But hypothetically speaking, assuming you have a common tax base, and one knows full well that the direction for gross national product or sources of tax revenue is shifting from commodity production, if you will, to services, and assuming services are in the base, if I were the Treasurer, I would be extremely positive in one sense, from the standpoint of the amount of revenues that could be created, assuming that base is all-encompassing or with very few exceptions.

My point is that I think it is an insult to anybody's intelligence to suggest—and I do not mean to be argumentative; I am talking about all the federal politicians and the administrators who talk about this thing—that a national sales tax would be revenue neutral.

Mr. Dunk: You can make the tax revenue neutral by setting the rate at a different level.

Mr. Ferraro: You are making that assumption, but how many will actually reduce the amount that they charge?

Mr. Dunk: If you look at the statements that have been made by the federal Minister of Finance and taking them on their face—

Mr. Ferraro: That they are going to reduce income taxes proportionately, yes.

Mr. Dunk: I talked to officials and the Minister of Finance a number of years ago when the issue of a value added tax was first being discussed, and taxation of services and so on.

The current federal sales tax rate, excluding building materials, is 12 per cent. At that time, they were looking at dropping the rate to something like 4.5 per cent by taxing all these other things.

If you take the minister at his word, we are going to go from 12 to four. Provincially, we might go from eight to five, something like that. When you combine the two into a national sales tax, we might be looking at nine or 10, whereas when you add them all up today on goods, we would probably be looking at 12 plus eight or closer to 20 per cent.

I do not think the revenue-neutral argument is a problem by selecting the right rate. When you look through the whole system of goods and services and you find buying services to produce widgets, the fact that I am taxing a service does not bother me, because I get credit for that when I charge my customer tax for my outputs.

Mr. Ferraro: Mr. Dunk, I will just finish with this. I will make you a bet. If you see national sales tax, I will buy you lunch if it is revenue neutral.

Mr. Dunk: That is for the treasurers and ministers of finance to discuss.

Mr. Mackenzie: I could have had some fun with some of your comments a little earlier, but I just want to raise two things.

You made a pitch a year ago—you did not, but the Ontario Good Roads Association people did—about the need for expenditures on the transportation corridors, which did not come about over the last budget or last period of time. You are back on it today, so I wish you well, although you are a different group.

On your comments on taxation, I have a little bit of difficulty with some of them. You make quite a case for the tax exemptions for small business and the three-year break for some companies.

Looking at a couple of articles recently, I notice that Doug May of Memorial University in St. John's found that for every dollar Ottawa gave up in corporate tax breaks, only 21 cents' worth of new investment was produced. I am just wondering if you have ever taken a look at this particular study and these figures.

Second, inasmuch as I am being limited to one question, Jack Mintz, an economist at Queen's University in Kingston, notes that in 1966, only 53 per cent of all companies were paying any corporate income tax. By 1983, it had been reduced to 41 per cent. I believe it is down below that now.

There may be an awful lot of reasons, but we are dealing here with companies like Alcan, which now has \$500 million in deferred taxes, and Brascan, which has over \$200 million, and that is in a year when they made \$183 million of net profits. I am just asking how you can really justify some of your comments on tax breaks. I do not know an individual who gets the same kind of a break when he loses half his income because of a plant closure or a reduction in pay because his company shut down or something like that.

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Mr. Dunk: To deal specifically with your first question regarding the benefits generated from tax expenditure programs such as the small business program, I have not seen the particular study to which you refer and I do not have any hard data to go on. What I can tell you is my own personal experience, dealing with small businesses, etc. The decision to locate in

Ontario is often not predicated on those incentives, although they sometimes push an entrepreneur to the decision that, yes, he can go ahead and make this jump into business on his own and employ some people.

Entrepreneurs tend to be very optimistic at the outset. By and large, you will find a lot of companies are not using that incentive, even though it is there. In a lot of cases it is not costing the government any money because, as you know, you are not going to go into business if you do not think, by the end of year 2, you are going to be making money, in most cases. My experience is, over those three years, the companies are not taking maximum advantage of that because they are not making money.

Mr. Mackenzie: By the same token, if that study is accurate—I am just quoting from it—it does not make a heck of a lot of sense to give some of the exemptions we have given in the name of developing new business if only 21 cents out of every dollar in breaks that businesses get are going into new investment.

Mr. Dunk: I agree, although I think that study you are quoting is a federal study and perhaps the federal government has different programs than we are talking about here.

On the second issue, of corporations not paying taxes, again, there are a lot of reasons why they do not pay taxes. I refer back to my holding company example. In the case of Alcan, which is clearly not a holding company, there are a large number of federal and provincial incentives created to get these companies to locate in places, to invest in plant machinery and equipment. You refer to deferred taxes and why—

Mr. Mackenzie: Which are seldom ever paid, incidentally.

Mr. Dunk: Deferred taxes is somewhat of a misnomer, because the government is saying you can write off your production equipment over three years, but general accounting principles say it has to be the life of the asset, which is 20 years. If the government incentive is there to get them to invest, then I do not think the government can turn around and damn the company for not paying taxes, because it is using this incentive to create jobs.

Mr. Mackenzie: But if they keep investing or keep replacing equipment which they can write off in two or three years, they never pay taxes.

Mr. Dunk: That is correct. But then the government has to make the decision: Does it want to encourage companies to invest in plant machinery and equipment? If it is going to say there is a 20-year write-off for this stuff, they will locate in the United States where they can get the three-year write-off.

Mr. Chairman: I think Mr. Mackenzie is damning the government.

Mr. Mackenzie: If it was now up to \$500 million deferred in one company alone, I think it covers several years of pretty substantial profits.

Mr. Dunk: I agree with you. Alcan is only one example. There are a lot of companies with big deferred tax balances. In fact, the Canadian Institute of Chartered Accountants is looking at changing accounting policies because those deferred taxes are just there and they will exist for ever.

Mr. Mackenzie: But you see, you indicated Mr. Broadbent was totally wrong. Maybe there is some point to the other side of the argument, in your initial response to the problem.

Mr. Chairman: I do not think we are going to resolve this.

Mr. Dunk: I think we are debating political leanings here.

Mr. Chairman: The battle lines are drawn.

Mr. Mackenzie: It is a lot more than political.

Ms. Collins: I am just wondering if perhaps I am missing something in your brief. I understand you need more money for transportation, as do other areas of the province, including my own, where we are looking forward to a number of new projects in Hamilton-Wentworth. But then you go on to the revenue part and say that if there are any benefits from the federal tax reform, that revenue should be used to bring down the deficit. You think a national sales tax should be implemented but it should be revenue neutral, and you do not want to raise corporate or personal income tax.

Where do you suggest this government finds the money to increase spending on transportation, health, education, universities and so on?

Mr. Leamy: Certainly, with respect to transportation, that very question is a very hotly contested issue at the Mississauga Board of Trade. That is, where is the money going to come from? Basically, our subcommittee right now is focusing on, in a sense, a user-driven system. It is examining the excise taxes raised on gasoline to determine whether they are being sufficiently pumped back into transportation-driven activities.

We fully appreciate Mr. Dunk's comments with respect to revenue neutrality and capping increases in tax rates and tax levels. We are gearing up to be in company with the Ontario Good Roads Association and the Canadian Automobile Association in that exact area, calling for greater devotion of revenue derived from consumption gasoline taxes being channelled right directly back into the provision of new roads and transportation systems. That is what our subcommittee is looking at right now.

Mr. Chairman: Do you endorse that?

Mr. Leamy: At this point, I cannot say whether our subcommittee endorses it. Certainly, they are mindful of the situation they are in and that is why they are investigating that very issue.

Ms. Collins: I have a follow-up question. Since you do not think revenues should be raised in all the areas that I mentioned, are you suggesting government should not be increasing expenditures in other areas like health and education?

Mr. Leamy: At this point and in listening to the previous presentation, I think any good board of trade would always suggest that government expenditure should be at all times prudent and responsible.

Our board of trade, of course, is also involved in education issues and our subcommittees, which did not include reports today, are making recommendations along those same lines. For certain programs to be successful, whether it is the question of the dropout rate or perhaps certain improvements

that must be made in the education system, yes, they are aware that there will have to be increases in those areas as well. We are not turning a blind eye to them.

However, and again in Mississauga's context, we are finding, as Mr. Dunk has referred to with respect to his presentation, we are now beginning to lose some of our companies. Certainly, that is fine for the other centres and regions in which they relocate. However, bear in mind that as the trend continues out of Mississauga and out of Metropolitan Toronto—because we are aware that Metropolitan Toronto is experiencing the same type of situation and is losing its industrial base—they will go to different centres and they will, at that point, have to try to upgrade their transportation systems in those areas, as much as Mississauga has had to do in the last 15 years with the rapid growth that we have had.

Tomorrow we will be down at the Chamber of Commerce in Buffalo. Now that we have free trade in place, the Chamber of Commerce and a number of western New York businesses have expressed a great interest in becoming more involved with the Mississauga Board of Trade and the Brampton Board of Trade and the Board of Trade of Metropolitan Toronto. They see a great opportunity to lure our companies down to western New York. Obviously, they do not have the same transportation infrastructure we have. They have a number of problems with it, but there is a very hard sell occurring right now for businesses in our community to relocate elsewhere where there is an abundance of labour.

Mr. Jackson, you will recall when we were here last September on education, we talked about the difficulty some of our members are having in getting warehouse staff. They cannot get the people into these industrial parks. Students are taking jobs and they are paying \$13 an hour just to get somebody to move boxes. They do not have that problem in Buffalo. They have a great attractiveness. Mr. Dunk would know information on the corporate income tax rates and personal income tax rates, but with respect to availability of labour, inexpensive land and inexpensive housing, they offer some competitive advantages over our location.

Certainly, when we talk about transportation, it has now become a great issue in Mississauga, whether it is roadways or our airport—an issue that we have basically taken for granted for a number of years. Now we are realizing that more than anything it is transportation in Mississauga that is the cause of the growth we are experiencing.

So when you ask me whether we are suggesting improvements without any expenditure, no. Obviously, there are going to have be expenditures. We are not at the same time suggesting that there be no increased expenditures in other areas, as we suggested last September. We expect any expenditures, again, to be prudent and we will be developing our recommendations with respect to gasoline taxes.

Mr. Chairman: Just a very quick yes-or-no question regarding the personal income tax: If an Ontario resident is audited, does the cost of that audit get charged back to the province?

Mr. Dunk: My personal understanding is no, it does not.

Mr. Chairman: This has been a very enlightening presentation, particularly the transportation part. I now have a new image of Mississauga. It is a place I just travel through regularly, but now I have an image of it as being the transportation capital of Canada.

Mr. Jackson: You travel through it, but not very quickly.

Mr. Chairman: That's right.

The next presentation is from the Family Service Association of Metropolitan Toronto. The spokespeople are Bob Couchman, executive director, and Dr. David McQueen, who is the vice-chairman of the social action committee and is also a professor of economics at York University. Gentlemen, welcome. Your submission is being delivered to committee members right now. Perhaps you can lead us through it and then entertain some questions.

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FAMILY SERVICE ASSOCIATION OF METROPOLITAN TORONTO

Mr. Couchman: We would like to address today the Social Assistance Review Committee report, and associated items from that particular document, with respect to its inclusion in the 1989 budget of Ontario. The submission you have before you is the presentation our agency made to the Social Assistance Review Committee and to the Premier (Mr. Peterson).

Mr. Chairman: Excuse me. Could you identify yourself?

Mr. Couchman: I am sorry. I am Bob Couchman, the executive director of the Family Service Association of Metropolitan Toronto.

Just as a brief word about our association, our association was formed in 1914 and, interestingly enough, was the precursor of welfare for the city of Toronto. We were probably the organization that led to the development of welfare in Ontario. Our organization consisted of volunteers, primarily from the major Protestant churches—Presbyterian, Methodist and Anglican churches—and it was that group that lobbied, I guess, the city council of Toronto to set up the first welfare department in the city of Toronto, so we have had a long history in this arena.

Mr. Chairman: Are you taking the blame for the mess we are trying to get out of now?

Mr. Couchman: We very shortly afterwards dissociated ourselves from welfare and became the family service association.

Mr. Chairman: All right.

Mr. Couchman: Right now our association sees some 10,000 families a year in Metropolitan Toronto, and of that particular group approximately 51 per cent are classified as poor people; that is, they live on incomes below the poverty line. Somewhere around 40 per cent of those people living below the poverty line in Metro Toronto are living on total family incomes of \$18,000 a year. This will give you some perception of the difficulties these families would face in Metropolitan Toronto.

It was because of these families and because of a growing awareness that charitable dollars and voluntary dollars were being directed towards basic needs of these people that when the SARC report came out we decided it would be a good thing for us to talk to that report. Over the last few years, for example, we have noticed an increasing number of charitable dollars in the city going to such things as food banks and clothing depots and we ourselves have had to take a large amount of our United Way funds and our charitable giving to ensure that people have the basic necessities of life.

We were therefore very encouraged when the SARC report was published, because we saw this not only as an innovative review of social assistance in Ontario, but probably as one of the leading documents that had been published on the welfare system across Canada. Our critique speaks to that document. We will not bother to read it to you, because I think you are very familiar with commentaries on the SARC report.

Our feeling, however, was to address some of the financial issues connected with that, particularly stage one of the SARC report, because we firmly believe that Ontario must, in this next budget, take a major step forward in implementing phase one of the SARC report. As you are aware, that phase has a total cost of \$400 million, \$200 million of which I believe would come from the Treasury of Ontario and the remaining 50 per cent from the Canada assistance plan.

We are quite aware, of course, that this is a social service expenditure. We are taking the position we are because of the urgent needs of the families we see, because they are reflective of poor families not only in Metropolitan Toronto but across Ontario. I would say we have not perceived poverty to the degree that we are currently perceiving it, in the last two or three years, since our agency weathered the Great Depression. There are incredible stories, which I will not bore you with, of the needs of these people. Of course, the implementation of SARC's stage one would go a long way to addressing these particular needs.

We are also, of course, following the press very closely and now find ourselves in good company with Conrad Black, which surprised us a wee bit when we read his support earlier last week. But we have also noted with interest Mr. Thibault's comments in the national press.

I am not sure if you have seen Thomas d'Aquino's response in this morning's Globe and Mail in a letter to the editor, but it was very interesting because Mr. d'Aquino dissociated himself from Mr. Thibault and pointed out that the Business Council on National Issues had long taken the position—and we were aware of this because we have corresponded frequently with Mr. d'Aquino over the last three or four years—that it does not see a reduction in social welfare spending in this country. They have been very clear about that. Their position is that they wish to see the funds directed towards those in need, and it is that group that we have come here today to talk about.

I think at this point I will ask my colleague Dr. McQueen to comment a bit on some of the financial aspects of the report. Dr. McQueen, by the way, is a volunteer with our association. We have about 40 volunteers on our board of directors and our various committees. David is a member of our board of directors and vice-chairman of our social action committee. In his spare time, he is at York University as an economist.

Dr. McQueen: Like my colleague Mr. Couchman, I do not want to take up a lot of your time going over the detail of our report, but just emphasize a few of the highlights so that you can get, as soon as possible, to questioning us about it.

I teach economics at Glendon College of York University. Way back a long time ago, I was a federal civil servant for a number of years, including in the Bank of Canada. I hope you will not hold that against me. The interest rates were a lot lower when I worked there.

Just to bring a slight tinge of the economist's point of view to this whole business, I think that when one looks at the situation of families in poverty, and particularly about children in poverty in this province—as I am sure you know, more than 40 per cent of the people living below poverty lines in this province are children—the humanitarian aspects of this whole question must come first in our minds.

However, there are other aspects, too, to which I would like to direct your attention. They are supplementary aspects which I think should carry some weight in the way in which you regard the SARC report.

One of the interesting developments in economics in recent years has been the development of what is called human capital theory, the tendency to think of human beings as a resource, as possibly one of the most important resources that an economy possesses. Obviously, you see them as human beings first, but this other point of view yields some rather interesting ideas about our future.

Our economic future is, of course, something that all of us are very deeply concerned about at the present time as we look at problems such as governmental deficits, declining rates of productivity growth and things like that. We are all concerned about where Ontario and Canada are going to be in the world economy in the year 2000. We observe that economy to be an increasingly competitive one with small nations in Asia, whose names we could hardly pronounce 20 years ago, suddenly becoming very major competitors to us in an increasingly, generally competitive world economy. We naturally wonder where we are going to be placed in that situation over the years ahead.

We look to what assets we bring to the whole thing. We are used to thinking of our natural resources in this country as major assets. We have come to know also that our capital stock of roads, transportation facilities, communication facilities, factories, machines and all that sort of thing are important assets too. It is only more recently that we have come to realize what a tremendously important asset a well-trained, healthy, productive labour force is.

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If one considers the situation of Japan, for example, with its paucity of natural resources, with so much of its limited land area taken up by mountains, and one inquires what has made that country such a leader in economic development, what has enabled it to raise its living standards so spectacularly on such a small resource base is, above all, its human resources, which it has taken many steps over these last decades to render more and more productive. That is where I personally, as an economist, make a real connection with the SARC report.

What are we doing today in respect of pre-school-aged children and children entering into the formal educational system to prepare them to operate, to be productive, to be taxpayers, to be family members and to have satisfactory and productive lives in that world we see coming? That is where my concerns as an economist come into this very much, though once again I would say the humanitarian thing comes first.

With regard to this 40 per cent of people living in poverty who are children, what is their future going to be like, what is their contribution to our society and our economy going to be like, unless we make some moves now to bring them more into the mainstream of the sort of society and economy we are going to have in the future?

The jobs into which underprivileged people sort of trickled in the past are in many cases disappearing. We used to be able to say: "Oh well, he has not finished high school. He can be a grease monkey in a garage or something like that." Well, in the year 2000 he cannot be; he cannot even be today. Under the hood of a modern automobile is a great deal of computerized equipment which an untrained, unskilled person cannot touch, at the risk of completely ruining the whole car, and that is happening right across our industrial landscape.

That is why, in my judgement, we need to pay a lot more attention to preparing our children for a much more high-skilled and competitive future than the one we have known in the past. That is one particular aspect of this whole situation with the SARC report—thinking of our future, thinking of the investments we must make in our future—that I, coming to you as an economist, want to particularly underline before you start questioning us.

Just in conclusion, there was a very interesting piece by Professor Alan Blinder of Princeton University, a leading United States economist, in Business Week recently, speaking from a country which has a much more serious deficit problem in relation to its total output than does Ontario at the present time. Not that I underestimate the problem here—I have the figures in front of me—but they have a much worse one. Professor Blinder says, in part:

"More and more talk is being heard these days that the federal budget deficit is not such a problem after all. Should Americans learn to stop worrying and love the deficit? I think not. But neither should we view it as a sword of Damocles. A bloated deficit is more like having a few termites in the house: It's better to clean them out right away, but a little procrastination will do only a little damage, and an excessively toxic pesticide might do more harm than good."

Then, in his conclusion, he says:

"With unemployment low but productivity growth lagging,"—same as with us—"America should now be looking for policy initiatives that raise future standards of living. But the deficit biases decision-making against such future-oriented policies because they almost always involve a trade of current expenditures for future benefits—which raises today's deficit.

"Because we allegedly cannot afford to do more, America is now underinvesting in education, in the care of its poor children, and in our deteriorating public infrastructure"—roads, bridges, interstate highway system and all that. "The truth is we cannot afford not to do more, even if it means tolerating larger deficits at first. The alternative is to continue to shortchange our future, in which case the termites surely will get us in the end."

This, coming out of a more serious deficit situation, is a rather interesting statement. I think the whole concept of not shortchanging the future is one that ought to be very much in our minds as we look at the SARC report. Thank you very much.

Mr. Chairman: Thank you very much. I want to keep questions as brief as possible. The next presenter has a plane to catch, so I am going to try to get a little back on the rails, if we can. Mr. Mackenzie and then Mr. Kozyra.

Mr. Mackenzie: Gordon Cressy, earlier today, made the same point, that we really have a rare opportunity to take a look at what we are doing in

terms of the future of some of our people. I am just wondering, if the Thomson report had not come up with the figures or used the hook that 41 per cent of the poor were children, whether we would have had the issue take off the way it seems to have with a variety of groups over the last period of time.

Mr. Couchman: I dare say that the Thomson report is one of those rare reports that received such positive response. It focused so sharply on the issue that I cannot imagine, in the state that the social service system is in Ontario, and other groups concerned, that you would have had the kind of directives and intelligent commentary that we are having as a result of this report. The issue has been there, there have been bits and pieces of commentary, but I dare say the SARC report has really focused our attention on the issue.

Mr. Mackenzie: One other question. You used the figure of \$400 million, which was the initial figure we were given. We have had the Treasurer tell us that \$600 million is more like the figure, and others argue that it is somewhere in between. Does it make any difference, in view of the importance of the report, whether we are dealing with \$400 million or \$600 million, in your opinion?

Dr. McQueen: I guess we are all used to initial estimates acquiring a certain degree of upward momentum as the question is investigated further. No, I do not think it makes all that much difference. I do not want to be in the position of saying that an extra \$200 million is not important, but I think you have to put this in proportion into the overall situation that we are trying to address here.

Mr. Mackenzie: Thank you.

Mr. Chairman: Mr. Kozyra?

Mr. Kozyra: I would like to put some focus on the federal scene, because that is the other partner in this.

Let's assume for the moment that the province has an inclination to go ahead with all five stages; there is a massive amount of money that is involved. Also, yesterday, I think it was, the International Monetary Fund high-ranking members singled out Canada as needing to reduce its deficit immediately by \$9 billion. In this kind of atmosphere, there is a strong indication one way and this demand and a ground swell of support for a social program the other way.

Let's also assume that this is a report that other provinces would see as attractive as we are seeing here. Is there a need here for a national strategy to sell this concept to the other provinces, say even have a premiers' council on this specific thing, because, without the federal government on board, all the good intentions provincially may be, if not for naught, at least seriously hampered?

Dr. McQueen: I think, if you want to have an immediate recession in this country, try reducing the federal deficit by \$9 billion right away. I am not happy about the federal deficit. I do believe that particularly what we call the structural component of it should be reduced, but there are many very important reasons, in my judgement, why this has to be a gradual, phased sort of thing.

Having said that, actually, without anybody trying particularly to

organize a national campaign about the SARC report, the unusual quality of the report and the research behind it have generated a sort of natural momentum. It has been picked up by some of the other provinces and is being looked at by a lot of prominent figures in the social welfare and other fields in those provinces, simply because it is an unusually complete, thorough, professional, well-researched report.

I agree completely with your contention that getting the feds on board here is going to be uphill work. Nevertheless, I think the feds as well as the rest of us have to consider that there are more issues affecting the future of Canada than simply the deficit at the federal level.

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Mr. Couchman: I might just add to David's comment that there is a first ministers' conference on the Canadian family. There will be a public forum on that coming up in July, and I believe the first ministers will be meeting later on. It would be an excellent opportunity for the Premier and the province to show a plan of action to deal with poor families, because every province—and most provinces more so than Ontario—has very severe poverty problems. This would be a good forum to start this functioning.

Mr. Chairman: Thank you very much. Apropos Mr. Kozyra's question, I just wonder how one would go about starting to lobby Premier Vander Zalm on this issue. In any event, we thank you for your input. It is, as you are no doubt aware, part of a lot of input we have had on the Transitions report, and obviously we are going to have to address it.

The next presenter is the Pharmaceutical Manufacturers Association of Canada: president Judy Erola and director of public affairs Gordon Postelwaite. Welcome to the committee. I know you have been sitting most of the afternoon listening to the other presentations. We welcome you and we are taking a look at your brief, so carry on.

PHARMACEUTICAL MANUFACTURERS ASSOCIATION OF CANADA

Hon. Mrs. Erola: Thank you very much. I would like to introduce, first, myself and my colleague Gordon Postelwaite, who is director of public affairs. I wanted to say that I rather enjoyed sitting back listening to the presentations. I think it has been a very interesting afternoon.

I regret very often, having been in a forum similar to this, that the public is not aware of the work that is done in committee. Somehow, I think there should be some way of covering the work that is done in committee and the kind of people who present at committees, because it is far more in depth and far more thoughtful than most of the general public is aware. That is just a little statement.

Mr. Chairman: We regret that as well, but these hearings are being seen across the province in competition with the Guiding Light.

Hon. Mrs. Erola: We are going to be as brief as possible in order to allow for some questioning, but I do have to proceed with some background material in order to set the stage.

I am here on behalf of the Pharmaceutical Manufacturers Association of Canada. We represent 70 companies in the research-based, full-service sector

of Canada's prescription pharmaceutical industry, 44 of which are based here in Ontario. All form part of the global research effort which leads to the discovery, development, manufacturing and marketing of new medicines for the treatment of disease and the improvement of our quality of life and health care. Our members fulfil a critical and essential role in the health care delivery system and, I might add, in the provincial economy.

Currently more than one third of Ontario's total budget, the provision of health care is the largest and most important component of the province's social support system. Ontario citizens have come to regard equitable access to high-quality health care as a fundamental right rather than a privilege which must not be compromised.

However, expanding utilization of the health care system by an ageing population is increasing demands on limited resources. Government accountability for efficient management and allocation of these resources and the collaboration of all health care providers in containing costs are absolutely essential.

The costs of our health care system are an investment in a healthy and productive society. Managed efficiently, they can reduce the demand on other social support systems and generate tax revenues to fund our entire social support network. Mismanaged, they can drain available resources from other necessary programs.

Ontario spent \$17.9 billion or 8 per cent of the provincial gross domestic product on health care in 1987; up 11.2 per cent over 1986. Of this, prescribed medicines accounted for \$1.27 billion or 7.13 per cent of the total. This is one half per cent of the provincial GDP, a proportion that has increased 0.12 per cent over the past decade.

If we remove professional dispensing fees and price spreads or markups at the retail level, manufacturers' selling prices represent about 3 per cent to 3.5 per cent of health care costs. These are interesting statistics because if you were to ask most people on the street that same question, they would give you a much higher percentage rate.

Compared to the 44 per cent consumed by health care institutions and hospitals and the 32 per cent consumed by professional fees and salaries for health services performed, prescribed medicines are the smallest and, as we put forward, most cost-effective component of the health care system. They have a stabilizing influence on the demand for other more expensive components, such as hospitalization and surgical procedures.

While manufacturers' prices offer a relatively small opportunity for significant cost containment to the health care system, this is not to suggest that the industry and government do not have important roles and responsibilities in containing costs through pricing and marketing practices and, more important, through continued investment in the research and development of new and improved medicines in Ontario, particularly in the face of challenges for the future, such as acquired immune deficiency syndrome and other viral infections.

Further, such investment in Ontario creates high-technology employment and generates personal and corporate tax revenues, contributing to the province's ability to fund its social support programs.

It was rather interesting for us to have the Mississauga people precede

us this afternoon because in the trade we call Mississauga "pill hill." In fact, our industry is located almost totally in the Mississauga area, and when I say totally, for all of Canada, it is principally in the Mississauga area.

Mr. Chairman: Mississauga is the capital for transportation and for headaches.

Hon. Mrs. Erola: Or for the cure of.

Mr. Pelissero: The transportation of drugs.

Hon. Mrs. Erola: But one of the points they were making is that expansion in this area and bringing forward new companies into the area have created quite a problem. They pointed out quite rightly some of the difficulties; but I am going off on a tangent here.

The importance of these roles is explained in greater detail in our written presentation; but today we would like to concentrate our remarks on three key areas of public expectation for responsibility by the industry and accountability by government. These are: transparency in the pricing and reimbursement system for all prescription medicines, both branded and generic; an attractive and competitive policy environment for investment in high technology pharmaceutical research and development and employment in Ontario; cost-efficient marketing expenditures in the promotion and the dissemination of essential prescribing information.

Finally, I think that the public expects of us—indeed, if you were again to ask most Canadians, they would think that this is in place—that we have a national interchangeability committee, which would result in savings both to the industry and in administration costs to government.

Gordon, I will turn to you to talk a bit about the background to the changes to the federal Patent Act, which again was referred to by one of the previous presenters this afternoon.

Mr. Postelwaite: Perhaps I can touch on some evidence of industry's attempts to demonstrate responsibility in the new Canadian environment which changes to the Patent Act created for our industry. These changes provided a balance which ensures that the industry will meet the public expectations which Mrs. Erola has just reviewed and which are consistent with provincial goals.

They created an improved, predictable period of opportunity to earn a reasonable return on costly high-risk investment in pharmaceutical research under normal competitive conditions, before the results of that research can be copied in the marketplace. In return, the industry committed to doubling its investment in research and development in Canada from 4.9 per cent of sales to 10 per cent by 1996.

This will amount to a \$1.4-billion addition to current annual expenditures of \$120 million a year for a cumulative total of \$3 billion during this period. Later in the presentation, Mrs. Erola will translate that into what it means for Ontario.

To ensure the public of reasonable prices of patented medicines, while protected from copies in the marketplace, the Patented Medicines Prices Review Board was created. This federal board reviews introductory prices of new medicines to ensure that they are not excessive, and it has the power to

request that introductory prices be rolled back. It also monitors prices to ensure they do not increase in excess of inflation.

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Annual reports to cabinet on the public record and the power to remove patent protection from a product in violation, plus one other product in that company's line, ensure manufacturers' compliance with the board's directives. A review of the performance of the industry by cabinet in 1991 and by parliament in 1996, with the powers to reduce or completely repeal the patent protection provided by the act, ensure industry adherence to its investment commitments.

We feel these changes will stabilize the price increases exceeding inflation which have been experienced by the provinces in recent years. Already, PMAC members have demonstrated their willingness to collaborate with governments and other health care providers to contain costs.

The review board has begun to monitor trends in manufacturers' submitted prices retroactive to December 1987. Its first report is expected later this spring.

In the interim, PMAC has commissioned several independent surveys of members' prices submitted to the Ontario Ministry of Health for the Ontario Drug Benefit Formulary. The most recent survey showed that of the 1,325 product prices submitted by 51 PMAC member companies for the formulary period July to December 1988, over 97 per cent complied with the inflation guideline provided by the ministry. More than 83 per cent did not increase or actually decreased.

It is clear that the stabilizing influence of the federal review board is already having its effect, and PMAC would recommend that the Ontario government synchronize with the federal board its definition of the inflation index and its formulary periods.

If I can, I will now turn just briefly to government accountability in the drug cost reimbursement system in Ontario.

While this federal board has effective powers to contain prices and price increases of patented products, it exercises no such power over the genericized sector of the industry. There are no patents to remove. Indeed, in hearings of the Senate banking committee last year, prices in excess of inflation were predicted in this sector.

We feel the government of Ontario has a responsibility and is accountable for maintaining prices within inflation guidelines for these products. This can only be achieved through a transparent cost reimbursement policy based on the actual cost of manufacturers' products to the pharmacy, with all effective discounts and rebates shown on the manufacturer's invoice. This reimbursement system is referred to as actual acquisition cost.

The current Ontario drug benefit policy of reimbursement is based on best available price. Introduced by Bill 54 and Bill 55 in 1984, this system perpetuates the practice of what is known as price-spreading where the ministry pays to pharmacies the drug manufacturers' selling prices, fixed in a six-month formulary, which can exceed the actual current cost to the pharmacy when all effective discounts and rebates are taken into account.

In addition to these hidden costs to the ministry, this policy has led to the elimination of larger quantity discounts formerly available to volume purchasers. It has discriminated unfairly against wholesale distributors, smaller manufacturers and smaller rural pharmacies in Ontario that do not have the purchasing power to obtain the best available price.

This has driven up dispensing fees in the privately insured and cash-paying markets to compensate for pharmacy losses and drug plan prescriptions. It encourages product-switching without prior knowledge of the patient or the physician, based on the economics of the pharmacy rather than the best health interests of the patient.

An independent study of Nova Scotia's experience in moving to reimbursement based on actual acquisition cost in 1986 showed an immediate downwards adjustment of 32 to 35 per cent, almost exclusively in the prices of generic products, eliminating the hidden costs to the province of price-spreading over the longer term.

Other provinces such as Saskatchewan and British Columbia also benefit from similar reimbursement policies.

We have just received a more recent study done by the Pharmacy Association of Nova Scotia that supports the findings of this earlier study I have just mentioned. Perhaps I could just quote briefly from it:

"So as to compare actual acquisition cost and best available price, we calculated the unit cost of each of the 44 top-selling drugs using the average actual acquisition cost at the end of the second quarter of 1988 and calculated the unit best available cost as provided in the Ontario Drug Benefit Formulary.

"Our conclusion: If we were to purchase one unit of each of these 44 drugs in Nova Scotia, we would pay \$36.59. On the other hand, if we were to purchase one unit of each drug in Ontario, we could pay as much as \$46.01. What is relevant is that the best available price appears to be more expensive to the government than the actual acquisition cost."

We would be pleased to provide you with the details of this study if you would care to look at it more closely.

Just to conclude our comments in this area of transparency in the reimbursement system, PMAC would recommend that the Ontario government make fundamental changes to current legislation and base its reimbursement on actual acquisition cost, a policy of price transparency that eliminates hidden costs to the ministry and facilitates public accountability for the costs of the Ontario drug benefit plan.

I will ask Judy Erola now to focus on our new investment in Ontario under the Patent Act.

Hon. Mrs. Erola: And given that they can all continue to survive in Mississauga.

Ontario is the major host province for Canada's pharmaceutical industry. There seems to be a misconception in Canada that the industry is located in Quebec. Approximately 60 per cent of the industry is in Ontario, with the remaining 40 per cent in Quebec.

Our 44 PMAC members situated here have assets of more than \$1.1 billion, employ 9,000 Ontario citizens and pay more than \$360 million annually in wages and benefits and \$96 million in corporate taxes. We do pay corporate taxes. Of their \$1.35 billion in sales revenues in 1987, these Ontario companies reinvested 6.2 per cent or \$46.4 million in research and development in Ontario. Clearly, this contribution to the viability of Ontario's economy is consistent with the goals of the Premier's Council on technology and the 1988 budget objectives of the Treasurer (Mr. R. F. Nixon) to create an attractive environment for future high-technology investment in the province.

With such a policy environment, which does not discriminate unfairly against the research-based sector in the drug benefit plan listing and reimbursement procedures, Ontario will continue to be a major beneficiary of the expanded research and development investment commitment made by our PMAC members.

An additional \$575 million, for a cumulative total of \$1.3 billion, and about 1,650 new research jobs are projected for Ontario. Another 1,700 jobs in peripheral supply industries will result. Of the 26 companies that have thus far placed their investment plans on the public record, 16 are based in Ontario, with plans for more than \$524 million already announced. Much of this money will involve researchers at universities and affiliated health care centres in Ottawa, Kingston, London, Hamilton and Metropolitan Toronto.

PMAC recommends that this committee actively support the recommendation also of the Interuniversity Working Group to the Lowy commission that any health care cost-containment policies that discriminate against a competitive opportunity for return on such investment first be weighed against the potential for lost opportunities and economic growth to fund the province's health and social support system.

In the interests of time, we are going to skip on to the summary to say that we believe the research-based sector of Canada's pharmaceutical industry is actively demonstrating its responsibility and willingness to co-operate in containing the costs of health care and in contributing to the province's ability to fund its network of social support systems. We ask this committee's support in bringing public transparency and government accountability to the policy framework within which our members must compete. Seven specific recommendations to achieve this objective are delineated in the conclusions of our written report which we are submitting today, but we would be happy to answer questions for the remainder of the period.

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Mr. Jackson: I welcome again a brief from this organization. I think there are one or two of us on this committee who sat on Bills 54 and 55 and spent a tremendous amount of time working on those bills, so I want to commend you for putting in clear language the structured flaw in the way we sell pharmaceuticals to the public in this province. A more succinct approach that was put in perspective was to suggest we now have a system which has the cash-paying public subsidizing the Ontario drug benefit plan in the way this is structured, which prompted one outstanding consumer advocate of a political party to be pulled from this committee, because he believed the actual acquisition process was the best route to go.

This did not support his party's position so he was pulled from the committee. He saw it was good consumer legislation to go the route you are recommending. For those members who are unfamiliar with this, it would be quite helpful to have a stronger look at it.

The second point I want to raise and invite your comment on is with respect to the cost of pharmaceuticals once you get past the issue of the way we price-structure it. Then we get to the issue of access. There are several provinces in Canada that have less liberal access to pharmaceuticals in its broadest terms. There is more accountability in the system. Saskatchewan has had three models. It has now settled on an accountability model for monitoring drug use.

As this committee is charged with looking at keeping a handle on costs as well as being fair to the manufacturers and distributors and pharmacists, has your organization come to any positions with respect to those elements of accountability? We have a system where it is possible for a person to be taking several drugs from several sources because of nonaccountability between doctors in terms of drug consumption. We are now dealing with persons in ODB, because it becomes a cost to the state as opposed to the cash-paying, where they are at liberty. Basically, half the market in Ontario is ODB and half the market is cash-paying.

Hon. Mrs. Erola: But I would suggest to you that ODB really controls the entire market now. With the government being the principal customer, the principal customer really designs the marketplace.

Mr. Jackson: I am a cash-paying customer for the pharmaceuticals. We recently had a pregnancy. I was amazed at how high the prices of the drugs have gone, so I know that—

Hon. Mrs. Erola: Did you examine the breakdown on the receipt?

Mr. Jackson: I did, because that was an amendment I brought forward when it was before committee. I wanted the public to know the difference.

You know the question I am really asking. We do not have a system in Ontario that would deal with the issue of accountability, and these are very major dollars that could be saved by the Treasury. You have your self-interest from the point of view that more drugs are actually sold, but ultimately you have a major commitment to make sure there are not adverse drug reactions because of multiple application, which today in Ontario is the single largest reason for people going into hospital—adverse drug reaction. There are several costs to health care that could be addressed by more accountability in dispensing for public consumption.

Hon. Mrs. Erola: It is a major problem and we addressed this problem in depth in our presentation to the Lowy commission. That would take us another three hours to go through here, but I will turn it over to Gordon for some very brief comment on this issue.

Mr. Postelwaite: I can give you two or three examples of where our industry is moving forward to try to get us to a more rational utilization of drugs. Once you get past the first step of transparency in who is being paid what, and our industry is arguing for that today, then you have to start looking at utilization rates to make sure they are not misused or abused. We have taken a number of steps.

First, adverse reactions can very often lead to avoidable hospitalization, which is a real drain to the cost system. We have asked, in collaboration with the Allergy Information Association, that the federal government require all nonmedicinal ingredients to be listed by the members on their packaging and in all their professional information reference sources so

that these nonmedicinal ingredients, which are very often a source of hypersensitive or toxic reactions, particularly in the elderly, can be known in advance of the patient getting the prescription.

With respect to the cost of new products coming on the market, we are asking our members, encouraging them to develop cost-utilization data in their new drug submissions to facilitate the provinces in deciding what the cost impact of these products will be on their drug plan and their health care system.

We encourage our members to do more post-marketing surveillance on products once they are out there so that the minute some adverse reactions show up, they can immediately restrict labelling or use or even withdraw the product.

Hon. Mrs. Erola: Or find new indications.

Mr. Postelwaite: Or find new indications.

We have put in a proposal for a network of excellence that would join McMaster University, McGill University, the University of Saskatchewan and the data bank of the Saskatchewan prescription drug plan to set up a pharmaco-epidemiology post-marketing surveillance ability in Canada that will be unique in the world.

I would make one other suggestion, and that is that we have had correspondence with professional bodies in Ontario, the Ontario College of Pharmacists and the Ontario Medical Association, and we are working with them through our medical research and development section to develop guidelines for the use of expensive new technologies—TPA, tissue plasminogen activator, was the most recent example—that will help physicians use new products only when needed and in the right context.

Hon. Mrs. Erola: I should also add that I just had a meeting this morning with some people with whom we hope to be participants in a program of rational drug use, particularly in the elderly. They include Health and Welfare Canada and the Canadian Medical Association. We are embarking on a campaign through senior citizens' magazines that will encourage the proper use, the rational use of drugs.

There is no doubt that because they are free, there is a tendency to buy as much as we can, particularly for those people who are not familiar with the hazards of not complying. I think we have a very real role to play in that. However, we have a long way to go.

Mr. Jackson: I wish we had more time, because for this committee it is a very relevant question for us to look at some very clear examples of other provinces where they are saving considerable dollars on medications which are perhaps not being utilized because of the way we structure it here in Ontario. I hope at some point later that we, as a committee, might be able to examine some of these points that are being raised and maybe invite the Ministry of Health to give us some real dollar costs associated with it. The presentation is excellent, but it is just the tip of the iceberg in some areas where we could really save some money.

Hon. Mrs. Erola: I think also that the Lowy commission will be helpful to you.

Mr. Jackson: Yes.

Hon. Mrs. Erola: The presentations made to the Lowy commission are dealing with the broad question we have put forward. We are here today to ask you to specifically address the problem of actual acquisition cost versus best available price, which we think is a flawed system.

Mr. Jackson: The Conservatives agreed with you then and we still agree with you now and I think we will —

Hon. Mrs. Erola: I think time will tell.

Mr. Chairman: Mr. Jackson, with the help of research and maybe the ministry, you can raise that when we are writing our report.

Mr. Jackson: Thank you.

Mr. Kozyra: I have two questions. The first flows from Mr. Jackson's question. Much of your presentation was along economic lines and I would like to approach it generally from the psychological point of view.

There is a feeling that there is a much greater utilization of drugs and pills and so on than is necessary, whether that is accurate or not. I am wondering about your association's approach to that, whether you would see attacking that and doing intensive investigation of that as counterproductive or whether it is part and parcel of your positive approach to the entire situation.

Hon. Mrs. Erola: Part and parcel of the positive approach. I think I would like to destroy another myth here, the myth that it is in our interest to push the pills.

The ethical pharmaceutical industry has nothing to gain by the misuse of its products. If a physician prescribes a product and a patient takes this product and it does not produce the results required, then the manufacturer is the loser as well, so I want to make it very clear that the manufacturer has an economic interest in seeing that this product is used at the right time for the right purpose. In doing so, we have a responsibility to follow through.

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One of the problems we have had for many years is that the pill that is ultimately swallowed by the consumer goes through two learned intermediaries; that is, the physician and the pharmacist. The information that goes to the consumer is beyond the control of the manufacturer. Therefore, we are following up on one of the recommendations of the Eastman commission, which urged that the package the manufacturer develops, which includes all of the information, including the contraindications, including all of the ingredients which we think ought to be there, should go directly to the hands of the consumer.

That, of course, is going to be an uphill battle. It is done in Europe. It is not new. In fact, Dr. Harry Eastman called the current system in Ontario obsolete. It is something that I think we must develop much further with the help of committees such as this, but it is another step in having the consumer aware and responsible and making demands of both the manufacturer and those learned intermediaries; asking the pharmacist what it is that he or she is receiving, asking the doctor about what he or she is receiving, based on more information than the consumer receives today.

Mr. Kozyra: Thank you. The second one is an economic—

Mr. Chairman: I am going to have to cut you off because I know Mrs. Erola has to leave.

Hon. Mrs. Erola: Five more minutes.

Mr. Chairman: Mr. Mackenzie has a question as well. All right. No follow-up.

Mr. Kozyra: Just very quickly—you spoke on the benefits of transparency in the reimbursement system in going to actual acquisition cost. Can you give a figure for the saving this might bring to Ontario?

Hon. Mrs. Erola: It could only be an estimate, but it seems to me that I saw a presentation by the ministry at one time which indicated that there was \$35 million missing in the system or something like that. It is an indication.

Mr. Postelwaite: I think the comparison with the Nova Scotia one, in percentage terms, which I outlined to you, would equally apply to Ontario.

Hon. Mrs. Erola: But the provinces that have adopted actual acquisition cost have achieved some saving.

Mr. Mackenzie: Just on a lighter vein in ending it, your response to my question—"We do pay taxes"—I accept, but would want to look at a bit. Ninety-six million dollars for 46 companies, on sales of \$1.35 billion, raises some question in my mind about whether all of your companies are paying taxes.

Hon. Mrs. Erola: Those who are making money are. I would look at the other tax figure I gave you.

Mr. Mackenzie: That is a seven per cent rate, which is even lower than manufacturing or service or any other industry.

Hon. Mrs. Erola: I would ask you to look at the investment and the tax pages in the municipalities as well, which is fairly substantial.

Mr. Mackenzie: That might lower it even more, if that \$96 million is all taxes.

Hon. Mrs. Erola: I think you would find that the municipality of Mississauga would be very supportive of the industry, based on the taxes it pays.

Mr. Chairman: I appreciate your coming here today. I know you have come from out of town. We appreciate the presentation. You have given us some food for thought on an issue we had not really addressed so far in these hearings. I am sure Mr. Jackson is going to make sure we do something about it. Thank you very much.

Hon. Mrs. Erola: Thank you very much. If you require any further information, we would be happy to provide it.

Mr. Chairman: The next presentation is from the Ontario Public School Teachers' Federation, whose brief you received yesterday. Representing the federation are Dave Kendall, the president, and Dave Lennox, the

secretary. Researcher Vivian McCaffrey is not going to come forward. All right. Mr. Lennox and Mr. Kendall.

We have other copies here of the brief, if members do not have it. I could not find mine right now.

Mr. Kendall: We do have extras.

Mr. Chairman: All right. If there is anyone who does not have it, Mr. Decker will give them out. Welcome and carry on.

ONTARIO PUBLIC SCHOOL TEACHERS' FEDERATION

Mr. Kendall: I think there were a couple of revisions in the copies. I trust you all have them, but if you do not, I am sure we will get to them in due time.

I am David Kendall, the president, and David Lennox is our general secretary.

The Ontario Public School Teachers' Federation represents 14,200 statutory members, 6,300 occasional teacher members and at this point in time, even though the document says 2,300 voluntary members, we are now at 2,400 voluntary members in the public elementary schools of the province.

This is the third year we have come before this committee to bring our concerns and we continue to do so. We appreciate the opportunity. This brief has also been submitted to the Treasurer (Mr. R. F. Nixon), at his request, and we are here today to share our concerns with the committee.

As outlined on page 1 of our brief, OPSTF has three main issues it would like to address with you: first of all, the declining provincial share of elementary and secondary education costs; second, the inadequacy of grants for elementary education; third, the shortage of teachers, especially at the elementary level.

In terms of provincial support for elementary and secondary education, the issue of the provincial share of education costs is well known by the members of this committee and by members of the Legislature in general. The 60 per cent benchmark has become almost a cliché in the education community. We do not wish to belabour the issue, but would like to make the following points to underline its importance to ensuring a viable education system in the province.

The 60 per cent target for provincial support is not an arbitrary figure. It was government policy in the early 1970s and a target that was achieved in 1973. It does represent a fair balance between provincial revenues and local property taxes paying for education. It allows a certain degree of local autonomy and responsiveness without imposing an undue burden on local property taxes.

The Declining Provincial Share: Although the government has increased its expenditures to education each year, in real terms its share of the total cost continues to decline. This is because of a number of factors. First of all, the increases to school boards are below current and projected inflation rates, as you will note on page 3 of our report. Grants are not keeping pace with real costs of elementary and secondary education.

This is demonstrated by the fact that in 1988, for example, virtually every school board spent over the ceilings for approved government expenditures, and over the years the over-ceiling expenditures have increased steadily. You will note this in appendix A, page 26, of our report. Many of the financial pressures on school boards are the result of mandated programs and Ministry of Education policy guidelines.

Political Commitment to 60 Per Cent: We would like to remind the committee that all three parties have endorsed the goal of a 60 per cent provincial share of education costs. It was a key plank in the Liberal election platform before this party took office. It is only since the 1985 election that the commitment has been watered down.

In terms of elementary education, as representatives of elementary educators we would like to focus today primarily on the funding needs of elementary schools. Since the current grant structure for elementary and secondary education was established in 1970, elementary pupils have been funded at a lower level than secondary pupils. While the qualifications to teach elementary pupils and the elementary program have both changed dramatically since 1970, the annual percentage increases applied to elementary grants have not adequately reflected those changes.

Over the last two or three years, there has been an improvement in the government's awareness of the inadequacy of elementary funding. In 1987, the Ministry of Education applied equal dollar amounts to elementary and secondary per pupil grants. During the 1987 provincial election, the government party announced a major program to improve elementary education and made it an election priority. The election platform included a number of initiatives long advocated by this federation.

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It raised expectations about government plans to improve elementary education. While the federation is pleased with the program outlined, especially the initiative to lower class sizes in grades 1 and 2, we were disappointed that the government has not fully lived up financially to its election promises. We have provided a breakdown of the election promises and the annual dollar commitments made by the government on page 10 of our brief.

Special Program Needs at the Elementary Level: OPSTF has been making its case for additional funding for elementary education for several years now. While members of the Legislature have responded with generally increased support for the early school years, we have been asked to be more specific about where the added funds are needed.

If the elementary schools are expected to identify learning disabilities early in a student's life and to establish a solid basis for lifelong learning, then a number of specialized resources must be provided to elementary schools. Our brief focuses on five special needs: guidance, library resources, technical studies, music and physical and health education. Prior to preparing our brief, we consulted the various subject associations, and we certainly acknowledge their valuable input to us.

In the area of guidance, pages 12 to 14 in our document, the need for all elementary pupils to have access to qualified guidance teachers has long been a priority of our federation. Mandating guidance curriculum beginning at grades 7 and 8 is not sufficient. In order to effectively confront the problems of truancy, dropouts, substance abuse and emotional stress

experienced by children, guidance must become an integral part of the elementary program.

Guidance teachers fulfil an important role in areas such as counselling teachers on student discipline and positive classroom management, assisting teachers to integrate the teaching of life skills across the curriculum, counselling parents re child behaviour—something vital to child abuse prevention—making family referrals to outside agencies and making early identification of emotional and learning disabilities.

We deal with library resources on pages 14 to 16. In the early 1980s, the Ministry of Education began placing an emphasis on resource-based learning. Central to the process of moving to a resource-based learning approach was the role of the school library and the trained teacher-librarian. The role of the resource library is outlined in an excellent 1982 ministry document entitled *Partners in Action*. You may have seen this document before.

Unfortunately, although *Partners in Action* has been hailed as a model document, its status at the ministry is only that of a resource guide and not that of a curriculum document; that is, a government mandate. Second, there has not been provincial funding to support the development of the resource-based learning program. As a result, there exist model library programs in a handful of elementary school boards, and these are few and far between.

In the area of technical studies, pages 16 to 18, having Ontario students learn about technology has been a personal priority with Premier David Peterson. There is also an emphasis placed on technical studies in the most recent elementary science policy document, *Science is Happening Here*. There is, however, neither the material support nor the financial commitment to assist elementary teachers to implement this policy in their classrooms.

In the area of music, pages 20 and 21 of our brief, the value of a comprehensive music program at the elementary level is clearly identified in the Ministry of Education policy document *Music is Special, Children are Special*. It also outlines some of the educational benefits. Unfortunately, there have been no special funding initiatives to assist school boards to develop elementary music programs.

As a result, once again effective elementary music programs are few and far between across the province. A number of boards which introduced instrumental music programs at the elementary level in the 1960s and early 1970s have been unable to sustain these programs due to lack of a capital replacement plan for musical instruments. A quality music program is expensive. Resources are needed to develop curriculum, purchase music and musical instruments, and hire music specialists.

There is also a need at the elementary level for physical and health education specialists. Only a small minority of elementary teachers have the necessary training to provide truly effective physical and health education programs. With government promotion of healthy lifestyles and preventive health measures, it only makes sense to begin the process early with young children.

Furthermore, with ministry-mandated programs in drug abuse and acquired immune deficiency syndrome prevention and as society looks to the schools to deal with child abuse and general sex education, the use of specialist teachers in the health field is becoming even more important.

You are obviously aware of recently released documents such as the LaVerne Smith report, released earlier in the week, and the Teacher Education Review Steering Committee report. We also have a report that was released by the Canadian Teachers' Federation, projecting teacher supply and demand for the next 20 years. We have shared that with the Ministry of Education. It projects a shortage somewhere in the neighbourhood of 9,600 teachers over the next decade in Ontario at the elementary level, and that does not take into account the number of teachers who would be retiring. The Ontario Public School Teachers' Federation has, in conjunction with our colleagues in the Ontario Secondary School Teachers' Federation, also commissioned a report on recruitment of teachers.

These reports indicate very clearly that there is going to be a dramatic shortfall in the need for teachers. Many boards in Ontario are already experiencing that, witnessed by the fact that even Metropolitan Toronto boards travelled countrywide looking for teachers last fall and certainly by the dramatic decrease in the number of occasional teachers, suggesting that they have been hired as full-time teachers.

Although the ministry was indicating a few weeks ago that the shortage was something the federations believed in but certainly was not anything that was factual information, I believe now with the reports that have been released, the ministry is admitting that, in fact, we are facing a dramatic shortfall in teachers.

We hope that this overview, although not an exhaustive list, will assist the committee to understand some of the specific funding needs at the elementary level. Our specific recommendations are listed on page 25 in our brief. I will not take the time to read them. I trust you have had an opportunity to review them. David and I would be pleased to respond to any questions you might have for us.

Mr. Chairman: Then you have a chart as an appendix setting out the particular boards' expenditures above the ceiling.

Mr. Kozyra has a question.

Mr. Kozyra: I would like to address the 60 per cent issue. My question is perhaps somewhat hypothetical. It does not necessarily reflect the Treasurer's view or perhaps even that of my own party. But I would like you to say what you see wrong with the statement about funding 60 per cent of approved budgets as opposed to what may be called open-ended or unapproved total budgets. To extend that type of thinking, approved budgets is a kind of fiscal accountability in some way that is being attempted. Again, I do not want to misrepresent government policy, but fiscal accountability has been attempted in the health field, in terms of ceilings and budgets and accountability that we are asking of the hospitals and in other areas, and it would seem that this is along the same line.

So 60 per cent of approved is fine as opposed to open-ended. In that sense, what normally falls in the unapproved category that, therefore, you would find it difficult to live with the 60 per cent approved?

Mr. Kendall: I will rely on my financial expert.

Mr. Lennox: In answer to your question, in the first part of the answer it has to be said that it was the Liberal government, just before it formed the government, that was talking about 60 per cent of total costs. That

is why we have the problem with the shift that your party has now made with regard to approved costs.

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Mr. Kozyra: I realize that.

Mr. Lennox: If you could stay in one position, we could catch on a bit more easily. But the second part of the—

Mr. Kozyra: It is redefining.

Mr. Lennox: I can handle the second part of the question with regard to 60 per cent of the approved costs and can suggest to you that, as the government continues to add on programs that force boards to spend above the approved costs—and I could give you all sorts of examples of such programs that have had to be added on—both from a human resource point of view and a material point of view, what you have done is create a terrible differential between what you say are the approved costs and what the real approved costs are that have become total costs. That is not to say that some boards have not spent above for extra programs within the board.

The other problem that you have with regard to separating the approved costs and the total costs is the average wealth of boards across the province. You are asking for boards of differing wealths to try to contribute more money and they do not have the same assessment base to do it. Unless we have that fundamental "60 per cent of" realistic ceilings—and the ceilings we have now are not realistic—then we cannot even get on to a formal discussion of the accountability for 60 per cent.

Mr. Kozyra: I would think the main focus of discussion with any chance of success in the immediate future would have to be in the area of approved costs, a common ground of understanding and acceptance of approved costs, as opposed to accepting an open-ended kind of budget, in view of what is happening in all other areas and how the government must look at open-ended aspects. Is there no direction to find some common ground on approved costs, so that both sides could be comfortable with that?

Mr. Lennox: I think that would be a worthwhile yet formidable task, and I say worthwhile because I think it is something we should do. I do not think we would ever get consensus on it, but I think the exercise in itself, in trying to come up with what is the approved component of education that every child and every student is entitled to in Ontario, is worthwhile.

If we go back to the mid-1970s, when we did achieve a 60 per cent provincial share of the funding, and then we take a look at the growth of programs since that time and the way that they have been funded and then folded into the costing and witnessing that the provincial share of the costing still declines, it would take quite an open-minded person from the government side as well as some open-minded bureaucrats from several ministries to have a fair and open discussion about approved costs and a 60 per cent factor.

Mr. Jackson: I would like to follow up on Mr. Kozyra's question. Would the government's removal of the tax exemption 10 days after all the budgets were submitted by school boards, resulting in a \$50-million additional cost to school boards, be considered an item where yours were approved costs one week but not necessarily approved costs next week, but no government funding was there to replace them? Would that be a good example?

Mr. Lennox: That is a very good example.

Mr. Kozyra: Would pay equity be a good second example of a concept where the government would not consider that an approved cost? Or would that be one of the government's approved costs, as to whether that should be funded at ceiling level because there was no ceiling adjustment to reflect the pay equity costs?

Mr. Lennox: Only \$60 million to bring about pay equity in the public elementary schools and \$65 million to bring it about in the separate elementary schools, recognizing that we would have to negotiate whether that was an approved cost from the pay equity legislation.

Mr. Jackson: Would the differentiated pupil-teacher ratio—this is a recurring theme: what is stated as a promise and then what comes in application. That may be closer to what Mr. Kozyra is asking about. Is it the fact that before the election you understood that all your costs would be paid for on the differentiated PTR, but approved costs mean only the costs that the government approved as opposed to those that were your actual costs under ceiling? There is a shortfall of the moneys you expected and have now had to absorb.

Mr. Lennox: That the boards have had to absorb or that the shortfall in programs has had to absorb. Yes, there is a difference between the statements that were made in the election promises with regard to annual cost, total cost, cost spread over several years. It is what I call the changing language of the government.

Mr. Jackson: Finally, the Ontario Public School Boards' Association made several recommendations as well to this committee yesterday when its representatives were before us. Have you had an opportunity to examine their brief and do you concur with most of the points raised in it?

Mr. Lennox: I have not had the opportunity to examine it.

Mr. Jackson: All right, we will get you a copy of that. Just in passing, they made the point that on the capital needs for school boards, they felt the government's 10 per cent increase provided for capital construction, \$300 million, could have been increased to 12 per cent, adding \$60 million in additional revenues that could have been applied to new school construction.

I just found out earlier today that the Treasurer received \$60 million more than he budgeted from the land transfer tax, which is tied to growing municipalities, the land transfer tax that is charged against the transaction of the sale of a house. He received \$580 million from the land transfer tax instead of \$520 million, which was approximately what he budgeted.

Would you suggest that perhaps that would be a more appropriate application of that \$60 million with respect to school boards? We do not know where the Treasurer has put that \$60 million but—

Mr. Haggerty: I imagine lawyers—

Mr. Jackson: Actually, lawyers are a free collection agency for the government on that matter; \$560 million at no cost to the legal community, of which the chairman is a distinguished member.

Mr. Chairman: I do not really want to interrupt you on that, but let's hear the answer.

Mr. Lennox: In answer to the question, I think there are several situations such as the one you have just mentioned. If the Treasurer had taken that \$60 million and said: "Look, it came from the land transfer tax. Let's turn it right back out there to where it's going to see direct benefit"—I understand that once you put it into this great pool of money in the consolidated revenue fund, it is very difficult to ever find it again.

I think the government misses some excellent opportunities to take that and put it right back out into use in a very specific area. I recognize the study they are doing right now with regard to lot levies. I can express both some positive feelings about it and some concerns about it. There is the concern that when we see the money float back in and disappear, I think we miss some extremely good opportunities to use that money.

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Mr. Mackenzie: I want to understand these approved costs that my colleague talks about. Is it not actually an expenditure ceiling? You have a global budget that is adjusted only for inflation and that does not take into account new programs that the government might insist should be put in place, which simply would mean that once you are behind, you are for ever behind in terms of the funding.

Mr. Lennox: The answer is yes, once you are behind, you are always behind, unless the infusion of money goes well beyond the inflation factor or unless the ceilings themselves are increased significantly.

Mr. Mackenzie: So if approved costs were to include new programs that the government asked for, then it might be a fairer assessment or a starting basis at least?

Mr. Lennox: Yes, that would be a fairer starting basis and it would have to be—I will take the example of the greater grade one and two class size right now, which is a separate funding of 100 cents on the dollar for that initiative. The question will be if whether or not that maintains itself at 100 cents on the dollar, three years from now, or whether or not that ends up being blended into the funding at that time.

We have seen initiatives both ways, short-term and long-term initiatives, and none of them have corrected the underfunding of education towards the 60 per cent, because they have kept it at such a low level of increase.

When they announced this year the 6.1 per cent, everybody started to get a little bit excited, until they recognized that two per cent of that money had to go for the new initiatives, the new government programs. So you are back below the cost of living with the 4.1 per cent. You are falling further and further behind.

Mr. Mackenzie: So approved costs, without taking into account new programs, is really a total misnomer.

Mr. Lennox: Yes.

Mr. Chairman: Once again, you have presented a very professional presentation to the committee. You know from our last two reports that we have listened to what you have to say. We have listened again and we will be writing the report next week.

Mr. Kendall: We trust the government will follow up and listen also. Thank you very much for the opportunity to be with you today.

Mr. Chairman: Next, we have the Social Planning Council of Metropolitan Toronto. Dr. Kenise Kilbride, president of the board, is joined by Lin Grist, Jody Orr and Jeffrey Patterson. Will you have a seat and make yourselves comfortable? Your brief is being handed out, and we look forward to your leading us through it, followed by questions.

Could you please identify yourselves, so that the TV people can put your names in front of you when the camera is on.

SOCIAL PLANNING COUNCIL OF METROPOLITAN TORONTO

Dr. Kilbride: My name is Kenise Murphy Kilbride. I am the volunteer president of the board of the Social Planning Council of Metropolitan Toronto; otherwise, director of the school of early childhood education at Ryerson Polytechnical Institute.

On my right is Jody Orr, the executive director of the Social Planning Council. On my left, Lin Grist, volunteer treasurer of the council and executive director of Central Neighborhood House. On her left, Jeffrey Patterson, senior program director of the Social Planning Council.

We would like to thank you very much for this opportunity to make a presentation to your committee. The Social Planning Council, I am sure, is not unfamiliar to you. We have had a history of involvement in research on issues that would be very dear to the heart of a committee planning for the social and economic wellbeing of our province.

The kinds of research that we have done have led us into community education on the kinds of topics we have addressed, and sometimes to advocacy. We have in the past had spinoff organizations arising from our efforts in particular fields. The Urban Alliance on Race Relations is one such organization that arose from research that we did, a community organization that arose in response to our efforts. The Child Poverty Action Group is a more recent example of the kind of community organization that can arise in response to material that is adequately researched and cogently presented. For the kinds of things we have done, we suspect you are familiar with us and do not need a lengthy introduction.

We are concerned that this committee take to heart one of our major concerns, namely, the integration of social and economic analysis, leading to an integrated social and economic development. We think it would be tragic were the concern of the province for economic development, which is so critical an issue for all of us, to focus solely on the economic; were we, for example, in our interest in developing our ties with the nations of the Pacific Rim, to focus on ways in which key economic players in the province could do that without at the same time integrating a concern for the social development of our people in this area.

Were we to look, again using the same example, at the average population of the nations of the Pacific Rim, we would realize that our province and our nation cannot afford to lose a single member. We cannot afford to lose the people in our socioeconomic underclass to their expending of their energy solely on providing food and shelter for themselves and their children. We cannot afford to lose the potential contributions of women in the province to

their concern for integrating themselves into the workplace and to getting the kind of child care facilities and training that will make that possible. We cannot afford to lose the unemployed youth of the province through inadequate training programs. We cannot afford to lose the potential contribution of minorities through their receiving inappropriate education and marginalization through a whole host of unfortunately racist structural policies and institutions throughout the province and country.

Because we cannot afford to lose our people, a single individual or a single group of them, we argue wholeheartedly for an integrated analysis, an integrated development of socioeconomic policy, and so we come with our very strong list of requests and recommendations for this integration of social and economic policy.

I would like to suggest that Lin can speak to some specific issues. We know that this government has a really outstanding record of commissioning and receiving splendid reports on some of these topics that are near and dear to us. The Spasoff and Evans reports in the area of health promotion, the Radwanski report in education and the International Year of Shelter for the Homeless report on shelter have given you a host of splendid recommendations that we would like to see not isolated into the realm of the social but integrated into the area of what is necessary for economic development of our province.

Mr. Chairman: If there has ever been a finance committee that has faced the issue of integration, this one seems to be it during these particular hearings. In any event, carry on.

Ms. Grist: I am going to concentrate on two areas of the piece that you have before you. These are home support services for the elderly and Transitions, which, as you probably are all very much aware, is the report of the Social Assistance Review Committee.

In home support services, I think we are simply here to tell you that we continue to support the government's initiative in keeping elderly people in their homes for two reasons: One is that it allows them to retain their dignity and the other is that it makes economic sense, to you as a government and to us as taxpayers.

There is, however, one outstanding problem with home support services to the elderly, and that is that the current per diem rate that the government provides to the agencies and organizations that provide those services is simply not enough.

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I will not bore you with the details; I am sure you have seen it all in the paper far too often recently. The reality of the situation is that the salary for homemakers is simply too low. In 1986, there was an extremely important report this government had put together called the interministerial report, and in 1986 it recommended that the starting wage for homemakers should be \$7 an hour. It is now March 1989 and I am saddened to tell you that it is still not the starting rate some two and a half years later. I talk about that as a matter of policy for this government and also as an individual who actually works in an agency that provides those services.

Briefly, what happens if you live and work in an urban centre is that you cannot find homemakers to do that work because they cannot live on \$7 an

hour. If they happen to have a family, it is better for them to be on some form of social service than to be a full-time homemaker because of the range of benefits you currently provide. If they happen to be rural, they cannot afford to be homemakers because they cannot afford the travel time. So that is their problem; it is a personal problem.

The problem for the government, of course, is that it does not make sense to put elderly people in institutions because the per diem cost of keeping old people in institutions is simply too expensive. It makes more economic sense to keep them in their own homes.

I am now going to move on to Transitions.

First, we would like to congratulate the government on this initiative. As you are probably aware, it was the first comprehensive review of Ontario's social assistance program in more than 20 years. It does paint a very bleak picture. However, we want to continue to applaud you for taking a very important initiative in this area.

Now we have the report. There are a number of issues we would like to speak to in that report which we think will be very important for you to think about when you are making decisions about how the budget is going to be spent over the next several years.

Currently, in Toronto there are approximately 80,000 people still using emergency food donations to supplement their incomes. That excludes the people who are also homeless. They may well be homeless too, but we are talking about people who are marginal. Those 80,000 people are marginal. They may well have roofs over their heads and they may well have some form of income. They are not the 20,000 homeless we all know exist in Metropolitan Toronto too.

What Transitions suggested with the new system was that it be simplified and that for you as policymakers and administrators, it would simply be more effective if you had a simplified social welfare system. That is the first thing.

The second thing it recommended, with its increased rates, was that we would be giving enriched amounts of money to those with families. What that will do is lower the rates of poverty and welfare dependency among families with children, and we think that is really important. We also know you are committed to that too, because for a five-year period you funded a very extensive study out of the Ministry of Community and Social Services, the Chedoke-McMaster study, which indicated very clearly what happens to children who live in poverty, children who are at risk.

We think the Social Assistance Review Committee report, or Transitions, is extremely sound economic policy. It takes what currently is a \$2-billion ticket item that is not meeting the needs of the people it was designed to serve, and by reorganizing it, we believe it will give people in that system some real choices and will help them to promote some self-reliance, which in the long run is good for us all.

We particularly support the provision of work incentives, because we think it is important that people actually get off that cycle, that they actually have some choices. We also think that by providing enriched incomes to those with families, you will begin to diminish some of the hidden costs,

the cost of child welfare, the cost of young people in the juvenile justice system and children in the mental health system.

We believe that if the Transitions report is not implemented, the long-term cost to us in Ontario would be staggering, both in human terms and also in the increased costs the government will have to pay for the constant roller-coaster of people in this system.

Essentially what we are saying to you today is that we think the Transitions report as a whole is really important. We know you cannot do it all at once, but we are encouraging you and urging you to make the very first important step, to take the first stage of Transitions which will cost you about \$415 million and implement it.

Mr. Chairman: We have questions from Mr. Mackenzie and Mr. Kozyra.

Dr. Kilbride: We have one more speaker.

Mr. Chairman: Oh, I am sorry.

Dr. Kilbride: Jeffrey Patterson, senior program director.

Mr. Patterson: I will speak to you briefly on two small sections of the submission. One is the section called "Labour Market Adjustment Policies and Programs" which starts on page 5 and the other is the section entitled "Revenues" which starts on page 25.

Regarding labour market adjustment policies and programs, our council published, just a couple of weeks ago in fact, the report Target on Training: Meeting Workers' Needs in a Changing Economy. In that report, and of course we recognize it is a shared federal and provincial responsibility, we observed that the current system of labour market training does what we call maintaining unemployed workers in a holding tank until economic conditions improve or until another job becomes available.

In analysing the Toronto labour market—again, we realize that is only one small part of the province, but even in analysing the very buoyant Toronto labour market, we observed that youth unemployment rates were still above their 1981 levels before the last recession and that the unemployment rate for older workers, as well as the participation rate in the labour force for older workers, had been increasing at about one per cent a year, even since the recession. In other words, many of the problems that seem not to be present in Metropolitan Toronto are indeed present for older workers in Metro.

We think the problems that underlie this will become even worse in the future and would become worse, of course, if the economic growth we have experienced in the past four years were to experience a downturn, as some people have said, almost every year in the past two or three, it will.

Coming out of that, we recommend essentially that there be a greater integration of labour market adjustment programs with a regional-based development strategy and that there be a program framework for labour market adjustment. We observe as well that in terms of provincial government spending, declining portions of provincial expenditures are going to both the relevant secondary and post-secondary education levels as well as to the skills development area—the Ministry of Skills Development.

We think this has to be turned around. Again, we realize that many of

the programs involved are shared federal-provincial programs, but especially the education part of that budget has traditionally been a provincial responsibility. Education in the post-secondary and secondary systems has traditionally been a provincial responsibility and the provincial government should take the leadership in those areas. I can answer questions on that if people want to ask them later on.

Moving on to revenues, the Social Planning Council of Metropolitan Toronto, we are aware, has always been criticized for advocating ways that governments can spend more money, but never looking at ways in which they might raise those moneys. In this brief, we do take a brief look at the revenue-raising experience of the government, at the priorities it has shown in raising revenue and finally, on page 28, we compare what is called the index of tax effort for various detailed revenue sources in Ontario with those of the other nine provinces within Canada.

1700

With respect to the latter, you will note that Ontario's effort—that is, the actual yield of taxes as a proportion of the national average—is only 0.86, where an index of 1 would reflect an effort equal to the other nine provinces, whereas the other nine provinces have a tax effort of 1.1.

There are other taxes, which raise smaller amounts of revenue, where Ontario's effort is significantly less than that of the other nine provinces. As a result of that, we would simply observe that we think the province, in the short term, can afford to pay for some of the measures we are recommending in our brief and we think your committee should recommend to the provincial government that some way be found to do so.

I do not know whether any of the other three have anything to add or whether we can end the presentation.

Mr. Chairman: I am sorry for interrupting you because those are two very vital facets of your presentation. Thank you. Are we ready to go with questions? All right.

Mr. Mackenzie: I asked the first group that was before us this morning whether it made sense—I think, from your brief, you are probably suggesting it—to do a social assessment of our economy for the last year when a budget is brought in. When the Treasurer (Mr. R. F. Nixon) does an assessment now, we have the gross national product, the inflation, the wage rates, all of the economic predictions, but we do not have—at least I have never seen it—a social assessment of what we have accomplished and what we have not accomplished. It seems to me that if we are going to tie the two together, it would be useful to have in the budget process a social assessment of where we are at and where we are going, at the same time as we have the economic assessment.

Dr. Kilbride: We are delighted with the question. Jody Orr, the executive director, would like to respond.

Ms. Orr: I would not only suggest that a social assessment makes good sense; I think we would go even further. We have talked about this at various points within the work of the council. I believe we have to start being rigorous about social costing; in other words, proactive social costing.

I do not think it is enough simply to look back on what the performance has been.

I think that is instructive, useful, descriptive and helpful in analysis, but if we are going to be serious about integrating social and economic policy, we have to start looking not only at economic costs and benefits, but also at social costs and benefits of all proposals. My response to your question would be yes, but that only takes it so far. We have to start being proactive and start to project what the social costs of any initiative we are going to be undertaking might be.

Mr. Mackenzie: Certainly, in my thinking, it has to show not only our performance but also where we should be going.

The second question has to do with the costs. Obviously, the Transitions program or the SARC program is the major recommendation that most of the groups before us have been zeroing in on, and I think for good reason. But one of the cautions—the initial costs were supposedly \$400 million. The Treasurer has mused about higher costs than that and has used a figure of \$600 million. Others who have appeared before us have had figures in between.

Is it your assessment that this program is the opportunity, as we heard from Gordon Cressy earlier today, or the importance of it is such that the difference in the cost figures should not have any influence on whether we move on the first phase of it?

Mr. Patterson: I do not think we can give you any better guess than anybody else as to what the actual costs would be, but I think we would go along with your hint. Whether the cost is \$400 million, \$600 million or even \$700 million is not totally immaterial, but relative to the \$38 billion that the province spends right now, those differences are relatively small.

Dr. Kilbride: I think we would all like to second Gordon Cressy's position that no matter what the cost of implementation, the cost of not implementing it would be overwhelmingly higher down the road. It is not only the economic cost of having untrained people, people requiring more social services, more institutionalization and the kinds of victimization that arise for other people, of there being a large group unserved added to those other costs: it is not only those financial costs; it is also the social and moral costs of human waste.

Ms. Orr: I would like to add something to that. The initiation of phase one, or the agreement to go ahead with phase one, whether the dollar amount is \$400 million or \$600 million, is not only substantive and substantial in terms of having a fairly immediate impact on people's lives and on the lives of children in this province, but I also think it is a significant signal that there is a commitment from this government to the principles behind the Social Assistance Review Committee.

We have entitled our brief Investing in the Future, and we have put a lot of emphasis in our brief on ways of essentially affirming human potential. Phase one is only a first step. It is absolutely necessary. It has to be done quickly. But what we are looking for through that is a commitment to an understanding around principles behind the Social Assistance Review Committee report and a commitment to not stop at phase one, but to look down the future to the other issues raised in the report. It has a substantive impact in terms of the pocketbooks of people in the province. It also makes a strong moral and

philosophical statement, which I think is very important to keep in mind as well.

Mr. Patterson: If I could add one pragmatic item, people keep referring to stage one of the SARC report. I do not think we should forget that stage one is mostly shelter allowances. It is not a massive increase in the overall welfare rate; it is mostly a massive increase in the shelter allowances, which are totally inadequate right now. In addition to signalling a commitment to the SARC process, the implementation of stage one would also contribute significantly to solving some very serious housing problems in this province.

Mr. Mackenzie: I would also like to commend you for putting in some proposals for revenue raising. You obviously heard the criticism from the Treasurer, which this committee as well got from the Treasurer—not us so much as all of the groups before us—that we were good on shopping lists but never on suggestions. A lot of the groups have not yet learned that lesson, but I think a few of them have done it and I think it is useful. I very much appreciate your suggestions.

Mr. Kozyra: First off, I must say I like the concept of integration, as far as I understand it. If I may use an inadequate analogy, but one just the same, why I like it is that to me it signifies the difference between a person on an assembly line who is fixed in one position and becomes just a cog in the process, a kind of dehumanizing aspect, and one who, shifted around, becomes a part of the total operation and a very worthwhile contributor to the total process, in this case the total society.

As comprehensive as Transitions is, Transitions would pale in comparison, would shrink in comparison to this master plan for integration that is required, that you referred to. I wonder if you could touch on what mechanism you would suggest to develop the master plan, on whether we can look to other examples in other countries right now and if those examples offer a good cross-section of political thinking. If they are only from, let's say, strongly socialistic countries, then there may be a certain political resistance in implementing it in that way. But if there is a cross-section of the whole span of political outlooks, maybe those would be more readily acceptable. Can you help us out or does it take another Premier's Council or a royal commission? What do you do, and which ministry would be the best to go about this? How do you start this master plan?

Dr. Kilbride: I would like to be honest and say, first of all, that my acquaintance with integrated planning leads me to believe that it is most common in the countries with a stronger socialist orientation than those with a wholly unrestrained capitalist orientation, but on the other hand, the health of their economies must lead us to believe that this is not frivolous on their part.

1710

Mr. Patterson: Maybe I will just add to that. I am not sure that the cost is so much in excess of what is recommended as the total program in Transitions as I think you have indicated. The implementation of the full five phases of the SARC report, in terms of what we would like to see, I think will be a major part of that effort. It is not as if that is the beginning. That would actually be a major part of that effort and it would not be fair to anyone, least of all the SARC committee, to say that what it has done is that insignificant. What it has done and what it has recommended is—

Mr. Kozyra: I was not saying it is insignificant.

Mr. Patterson: I know you were not saying it, but you were implying, I think, that the total cost of doing what we were—

Mr. Kozyra: I was not referring to cost. I was referring to the concept of the—

Dr. Kilbride: Yes, the saleability of it.

Mr. Kozyra: Yes.

Mr. Patterson: The concept is very far-reaching, that is true. Just joining the second half of your question about what kinds of countries would undertake this, I think one of our chapters, chapter 4 of the report Target on Training: Meeting Workers' Needs in a Changing Environment that I mentioned, is a comparative chapter and discusses and observes labour market training programs in three countries external to Canada: West Germany, Sweden and Japan. Of course, as you are aware, only one of those countries has a social democratic government.

Of those, Japan has a system which I do not think we can in any way replicate in Canada, one that is more far-reaching and more interventionist, at least with respect to the labour market, than any of the four countries, including Canada.

Ms. Orr: I just want to add that we are not carrying around a blueprint at this point. If we had one, we would be very delighted to hand it over to you. I think what we are partly talking about is a shift in the way we view our policy envelope. I am intrigued by the way you suggest perhaps a Premier's Council versus which ministry we would put it into. As soon as I hear the phrase, "Which ministry would I put it into?" what I start seeing are artificial barriers going up and people saying, "This is your domain and this is your domain."

What we need, I think, is a shift in thinking, and we need to start to look at things in a more holistic and more comprehensive kind of a way. A good starting place for that is intervention in the labour market because it is at that point where you start looking at the demand sides, which are often considered economic issues in terms of what the job possibilities look like out there, versus the supply side, which tends to be the softer human stuff around training, income maintenance and so on.

That is an interesting intervention point, to start the experiment of trying to look more holistically at the issue. I wish we had a prescription but we do not.

Dr. Kilbride: I think that, as a country, we really are very favourably disposed to an analysis that is based upon the development of our human resources and a development of human resources that in some way is cognizant of the dignity of the human beings involved. I do not think this is a particularly unappealing and overly socialistic approach that is going to alienate voters. I think it can be done if we commit ourselves to it.

Mrs. Cunningham: Thank you very much for a most inclusive presentation today. Basically a lot of the presenters have, of course, mentioned SARC and it has been a priority, happily, that the recommendation has been to implement stage one. I have been stating my concern that parts of

the other stages are extremely important too. I do not think we are going to make a lot of gains if we do not look at some of the structural changes that probably should have been made some 15 years ago, because our society is so much different. So that is where I am coming from.

I would like very much to congratulate you on the recommendations to do with Investing in the Future, which is the name of your report, that have to do with labour market adjustment policies and programs. I am the Ministry of Skills Development critic and I will probably be using these recommendations a lot. I have been trying to make these points over the last few months, but you have done it in a very articulate manner and it is very nice to have it written in such a concise form.

I think Transitions really means that we are hoping that families can leave the social assistance programs that we provide in times of need and become self-sufficient. My great concern is that we do not offer the kinds of programs sometimes at a very early age in our education system. I am talking about young people who would love to be working and going to school at the same time as early as grades 7 and 8. We have been trying to get the Ministry of Education and the Ministry of Skills Development to work closely together. You do not touch on that, but I would like someone to respond to it.

You have talked about the support for employment training that Ontario seems to have and the lack of the existing infrastructure to deliver. I would not mind some comments on that. I share your views. If you have any more concise or precise observations today to help us, I would appreciate hearing from you.

Mr. Patterson: I think the most relevant thing that we have said in Target on Training and that we say as a council on that issue is that the current programs favour what we would call the short-term fix. In other words, someone can somehow enter a training program and six months later come out an employable person. What we observe is that you cannot rely on that. It has to be very much a longer-term program now.

In looking at that, we have not made specific proposals around programs, but we were not looking at going back into the school system as far as grade 7, having people both work and go to school. We did not consider that issue at all. We certainly looked at what we would call older youth. Here I define youth as being up to 25 years and suggest that programs which are six months should be two and three years and maybe even longer.

I just learned yesterday that in Sweden, for instance, the cutoff date for school-to-work transition programs had been age 21 up to this point, with their graduation point from gymnasium being about 18 years, the same as ours. They have extended that to 23. In other words, some youth in Sweden can stay in a transitional program for up to five years. The focus we have on a six-month fix just pales; it shows you how unreasonable it is to expect the six-month fix to work.

Mrs. Cunningham: That is interesting. Thank you. I would not want to leave you with the impression that I am thinking of transition at grade 7. It is interesting that you should mention Sweden, because I have been looking at that myself. They do have co-operative work programs and apprenticeship training starting at age 12, that is, grade 7 or 8.

Dr. Kilbride: I would like to support the idea of two of the major concepts I think you have presented. One is that there are individual needs

that require what seems to those of us who are obviously blessed with a lot of higher education an appallingly young age to consider work. The individual needs of children in the province must be considered and our response has to be sufficiently flexible that we can do justice by them.

The second thing is the question of the articulation between and among the various elements of a total educational and training package that we, as a province, offer our children; the articulation between day care centres and kindergarten, between elementary and secondary schools, between secondary and colleges and universities. There is a more rigid barrier between and among the components of our educational and training system, I believe, than we could ever hope to justify.

At Ryerson Polytechnical Institute, for instance, in my own school of early childhood education, we have a very strong degree completion thrust that welcomes the community college graduates in a respectful way into the third year of the program, so that they are not made to feel stepchildren and sent back to year one or as a result of all of their work told, "We'll give you the equivalent of one of our splendid years."

There are many ways in which we disempower young people who are very earnestly trying to find out what is best for them. This kind of articulation is something we must mandate, I think, all of the educational and training efforts of the province to address.

Mr. Chairman: As usual, you have given us a very comprehensive presentation. You have given us a lot of food for thought and a lot of things we have to consider. I appreciate your putting it together and coming in and appearing before us today. We are going to be writing our report next week.

Dr. Kilbride: We are grateful for the opportunity. Thank you.

Mr. Chairman: I want to particularly thank all the committee members, because it has been a long and wearying day today and we have another one tomorrow. I just want to say for the record that everyone has been a very active participant.

Mr. Haggerty: Are we in this room tomorrow? Can we leave our literature here?

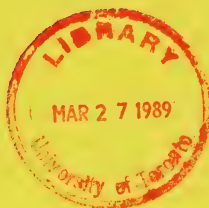
Mr. Chairman: Yes, you can leave your things here. Ten o'clock tomorrow morning, not 9:30.

For those who are watching us, I just want to indicate that this is the standing committee on finance and economic affairs of the Ontario Legislature, and we are engaged in listening to members of the public tell us what they would like to see in the provincial budget which we expect the Treasurer to bring down some time this spring.

We will be hearing submissions all this week, and next week we will be writing a report to the Treasurer. We will be televised again tomorrow. For your interest, starting at 10 a.m. we will be hearing from the Ontario Hospital Association, followed at half-hour intervals by the Ontario Federation of Labour, the Ontario Beekeepers' Association, Binojehnuh Endahjik and the Union of Ontario Indians, the Ontario Road Builders' Association, the Ontario Association of Professional Social Workers, the Ontario Women's Action Coalition, the Toronto South Presbytery, the Ontario Natural Gas Association and the March of Dimes.

The committee adjourned at 5:20 p.m.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PREBUDGET CONSULTATION

WEDNESDAY, MARCH 8, 1989

Morning Sitting

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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Kozyra, Taras B. (Port Arthur L)

Mackenzie, Bob (Hamilton East NDP)

McCague, George R. (Simcoe West PC)

Morin-Strom, Karl E. (Sault Ste. Marie NDP)

Pope, Alan W. (Cochrane South PC)

Substitutions:

Collins, Shirley (Wentworth East L) for Ms. Hart

Cordiano, Joseph (Lawrence L) for Mr. Ferraro

Cunningham, Dianne E. (London North PC) for Mr. Pope

Jackson, Cameron (Burlington South PC) for Mr. McCague

Clerk: Decker, Todd

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Ontario Hospital Association:

Tuck, Dr. Dennis, Chairman

Cunningham, Gordon, President

From the Ontario Federation of Labour:

O'Grady, John, Research Director

Sullivan, Stuart, Vice-President

From the Ontario Beekeepers' Association:

Montoux, Paul, President

Davies, Barry, Second Vice-President

McWaters, Norm, First Vice-President

From BinojehnuK Endahjik:

Watts, Bob, Board Member

Elliott, Melvin, Executive Director

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday, March 8, 1989

The committee met at 10:03 a.m. in room 151.

PREBUDGET CONSULTATION
(continued)

Mr. Chairman: We will get started now. This is a meeting of the standing committee on finance and economic affairs of the Ontario Legislature. The finance committee is in the process of hearing delegations of people and organizations throughout the province as to what the next budget of the province should be. We will synthesize all we hear and write a report to the Treasurer (Mr. R. F. Nixon). Hopefully, that report will be written next week and will be given to the Treasurer some time later this month, and will serve as input into the budget which he hopes to bring down later in the spring.

Today we are going to hear at half-hour intervals from, this morning, the Ontario Hospital Association, the Ontario Federation of Labour, the Ontario Beekeepers' Association and Binojehnuh Endahjik, an Indian organization. This afternoon, Persons United for Self-Help in Ontario, or PUSH Ontario, the Ontario Road Builders' Association, the Ontario Association of Professional Social Workers, the Ontario Women's Action Coalition, the Toronto South Presbytery and the the Ontario Natural Gas Association.

The first organization on our agenda is the Ontario Hospital Association. We have with us Dr. Dennis Tuck, the president of the association, and Gordon Cunningham, the executive director. Dr. Tuck, welcome. We have your brief in front of us. If you could perhaps give us some opening comments and then entertain some questions, we would appreciate it.

ONTARIO HOSPITAL ASSOCIATION

Dr. Tuck: If I may make a slight correction, I am the chairman of the board of the Ontario Hospital Association. Mr. Cunningham is the president of OHA, but you are correct in the sense that he is our executive director. I come by my position because I am a trustee of Metropolitan General Hospital in Windsor and, I might add, in my other life a professor of chemistry at the University of Windsor.

The board of the OHA represents various regions of the province. There are some 46 people on that board. I am one of the representatives from southwest Ontario.

The OHA welcomes this opportunity to come before you to speak to the document which you have received. It represents our analysis of the likely course of hospital spending over the budget year 1989-90. We have attempted to draw some conclusions from the analysis we have done in terms of figures with what the budget should include if our advice is accepted. I would hope that our advice is seen as reliable. I would point to the predictions we have made in previous years, which have by and large come true, about what would happen to hospitals if such and such funding were continued.

We have analysed it in two ways: the operating costs of hospitals and the cost of running each hospital on a day-to-day basis. Our conclusion is

that the proper thing to do would be to increase the overall amount of money available for hospitals by some 8.8 per cent over what we have had in the present financial year.

This is presuming that we will get an inflationary increase to cover those costs which will inevitably rise next year as salaries and costs of material rise. It will also include, we hope, a sum which will take account of the growth which various hospitals have experienced in past years in the number of patients they have treated. It will include a component to allow for the purchase of new equipment and the replacement of old equipment and to allow such capital building as is supported by the ministry.

That is our general position. I presume you do not want me to go through the document in question, because it is there in front of you. I think the easiest thing is to leave it at that and answer such questions as your members may have.

Mr. Chairman: Unless there are any highlights that you want to make sure we read, because we do have a lot of paper.

Dr. Tuck: All right. I think the easiest thing is to turn to the yellow sheet, which is page ii; that represents the overall analysis we have done. The funding is summarized on page 4 and the matter of capital funding is addressed immediately thereafter. The economic increase which we calculate is needed to cover inflation is 4.9 per cent. That is based, as I have said, on the fact that we know what the salary increases are in the various union contracts, and we think we have a good handle on the cost of materials.

There are a certain number of extraordinary items which we have spelled out on page 3 of the document. There will be a number of things coming out in the budget year 1989-90, such as pay equity, which will involve salary adjustments and also substantial administrative costs. There are certain increases in provincial sales tax. There are those things which hospitals have called universal precautions to make sure the hospital staff is protected. There is a problem which arises because the deductions that are paid by hospitals to the government are being made more frequently; therefore, hospitals have less opportunity to generate interest from the money they hold in their bank accounts. Those are summarized for you on page 3.

On pages 5 and 6, we try to analyse the problems which arise because of capital equipment. The association has been passing motions over a number of years. The most recent one is set out on page 5, that we must try to get from the Ministry of Health some undertaking to go forward with a capital spending program, which we have been discussing and which hospitals have been raising money for over some years.

Mr. Chairman: Thank you. I have questions from Mr. Kozyra, Mr. Morin-Strom, Mr. Haggerty and then Mr. Mackenzie.

1010

Mr. Kozyra: Yesterday we had a very interesting presentation by the Ontario Public Health Association. Some of its recommendations, if not on a direct collision course with yours, certainly opened it up for discussion as to the direction in the future that governments at least must look at in their priorities for spending. The deputants recommended very strongly a shift of priorities from the high-tech, institutionalized kind of care that we presently have and that is very costly, as we all know, to more of the health

promotion and prevention and community-based programming. They said they would be mounting a public awareness campaign along those lines. I wonder if you would comment on that. Is this the direction of the future and what is your reaction to that?

Dr. Tuck: Two points, I think. On your first point about a collision course, I do not think we want to be seen as being in competition with them or anybody else.

Mr. Kozyra: There is a fixed amount of funds.

Dr. Tuck: Yes, I appreciate that. I think these decisions as to where the priorities lie are things that you have to make. We are here to make our case. But I do not think there is any doubt that if the general level of public health were raised, there would presumably be fewer people presenting themselves in hospitals for treatment and the overall costs to the system might well be contained in that way. I suspect that, if it works, it will be a long-term rather than a short-term effect, but certainly we as hospitals would not want to say, "Don't do it."

I think one further point to make, however, is that the more you treat outside of hospitals and the more you prevent disease by a public health campaign, the more hospitals are likely to be left with dealing with those very serious illnesses which will always be there, and therefore the cost per patient, if you like, likely will not decrease. But it may well be that we can treat fewer people. We would willingly treat fewer people if the health of the population would accommodate that.

Mr. Kozyra: That is basically what is happening with senior citizens' homes too. The average age of entrance there has gone up by 10 to 15 years, over the past 15 years, per year, so to speak, and those who do end up there are very much in need of constant care and some of it very costly.

Dr. Tuck: Yes, that is right. I think even over recent years in hospitals we have seen an increase in acuity. The people who come in are more seriously ill on the average than would have been the case 10 years ago. That is partly because we are treating more things outside hospitals. We are treating people as outpatients rather than bringing them in. I think these are things that have to work together. I do not think one will ever work to the exclusion of the other.

Mr. Kozyra: Thank you.

Mr. Chairman: I take that comment as very sincere. I think the hospitals are very full and you do not need any more work. Is there any way that hospitals can be more involved in the community health care programs so that we can all be working together towards it, if it is our goal?

Dr. Tuck: I am not sure that I can put my finger on the mechanics of how hospitals can help, but I am quite clear that hospitals would like to help, if we can be worked into the system in some way.

One might argue, for example, that in each hospital there are a series of people who are open to education in the hope that those who are cured will not come back with the same disease, whatever it might be. Hospital administrators to whom I have suggested this will tell me that not everybody in hospital is really open to education because they are not necessarily in a fit state of mind to accept it. Nevertheless, hospitals do have a role to play

and I think it is up to us to try to find what that role is, though I cannot tell you at the moment specifically what we can do.

Mr. Chairman: Are hospitals working on that?

Dr. Tuck: Yes, I think so. I am not sure I can point to any specifics, but I think they all have that in their sights as something we would like to achieve.

Mr. Morin-Strom: Thank you for the presentation you have made to the committee. I would like to ask whether you have taken a position on the Social Assistance Review Committee recommendations. We have probably heard more presentations in support of the need to address poverty in Ontario than on any other issue that has come before this committee and these hearings. I would like to know whether the Ontario Hospital Association has a view with respect to whether the government should move immediately, particularly on stage one.

Dr. Tuck: I do not think we have a position on that. We have not had a chance to develop it, I would say.

Mr. Morin-Strom: It is interesting that apparently you do not view that as a health issue, while yesterday we had the Ontario Public Health Association before us which viewed that as the number one health issue in the province today, devoting more than half of its presentation to the Social Assistance Review Committee recommendations and concluding its whole report with the statement, in their last paragraph:

"We therefore call on the government to implement stage one SARC recommendations in the 1989-90 budget, and to establish a clearly defined timetable for implementation of the remainder of the recommendations. These recommendations are, in our opinion, the most important health action that this government can take at this time. It illustrates healthy public policy in action and would stand as a model, not only for the rest of the country, but internationally."

I find it interesting that they view it as the number one health issue in the province today and have stated quite explicitly in their presentation as well that in their view, the "full implementation of the SARC recommendations will have far greater long-term cost savings than similar expenditures within the hospital and physician service sector."

Can you respond to why their position is so strong on the issue of dealing with poverty related to the benefits it will have in health care, while the Ontario Hospital Association apparently has not even looked at it?

Dr. Tuck: We have not looked at it because we have not seen the report. I certainly did not mean to imply that as an association we are opposed to helping those people who are in a state of poverty; far from it.

You are asking me, perhaps, as the chairman of OHA, to come out with a statement that says that OHA recognizes there are other things more important than hospitals in the health care spectrum of the province. That would be a difficult position to take. I certainly would say that hospitals are a very important component. Whether they are the most important component is perhaps something that you as a Legislature have to decide.

I do not dispute the fact that health care is a spectrum of factors. For example, the Premier's Council on health care strategy recognizes that. It

comes back to this question of public health. If we improve the health of the population, which certainly includes caring for those who are in a state of poverty, then we relieve the load on hospitals. How much we relieve it is a matter of some speculation, I believe, but I would not dispute that that is something that has to be done.

Mr. Morin-Strom: In terms of what has been portrayed certainly in the media—and I think the public is growingly seeing our health care system as a system in crisis—would you characterize the health care problems in the province today as being a health care crisis? In particular with respect to hospitals, are our hospitals in a state of crisis today?

Dr. Tuck: No. In fact I would say on the contrary. Hospitals collectively are not in a state of crisis. There are clearly some areas of deep concern for us in hospitals, and those must be as obvious to you as they are to us, but every day there are hospitals across this province that treat thousands of people and send them home satisfied with the treatment they receive. That is not the mark of a system that is in crisis.

Mr. Haggerty: I was interested in your comments on page 7 entitled the "Provincial Auditor and foundations." You talk about the fact that "the ministry was criticized for providing funding to hospitals to cover their deficits in cases where money had previously been transferred to their foundations from the hospitals' operating funds. Hospitals were criticized for transferring funds to their foundations without ministry approval." It goes on to say, about Dr. Martin Barkin's comments on that, that you are well satisfied with it.

Are there any other areas in particular? It has come to my attention just recently—when we look at the trust foundations that are established within the hospitals, particularly now—that there have been some decisions that hospitals have a right to tap nurses' pensions, in other words where there is a surplus.

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Dr. Tuck: No, I think the situation on pensions is that there is, indeed, a hospitals of Ontario pension plan, which the Ontario Hospital Association administers, but at no time has anybody tapped that fund and taken money out of it. There was a time last year when the employers collectively did not contribute because the actuary told us that we did not have to, that the fund was in sufficiently good state without that. But at no time has money been withdrawn from the pension plan.

Mr. Haggerty: I thought that was in cases where there was a surplus. Apparently, I was informed, there was a decision of the higher courts that said the hospital boards could tap that where there was a surplus.

Dr. Tuck: I do not believe that. The High Court said that the hospitals had the right not to contribute because the pension fund is a defined benefits fund; that is to say that when people retire they get a defined, guaranteed pension. If, perchance, the fund went to zero, the hospitals would have to find that money from their own operating budgets. But at no time has the High Court said, nor have we ever asked, that we should be allowed to withdraw money from the pension plan.

Mr. Haggerty: I will have to check and see if I am correct in that.

Mr. Chairman: I think some in private enterprise have done that, and have successfully done that.

Dr. Tuck: Yes, there may have been different decisions but none of those affected the HOOPP plan, as we call it within this province.

Mr. Haggerty: I will check with my staff on that. The other question is on page 10. It talks about laboratory services and diagnostic testing and says, "The association believes that part of these costs result from duplication in the system," and you go on with a resolution. Can you expand on that perhaps a little bit to give us a little more information? What areas of duplication are there and where has it taken place?

Dr. Tuck: Each hospital has its own laboratory or has access to a laboratory service. That service is essentially one that has to run seven days a week and perhaps 24 hours a day in some cases.

There is also a series of what are called private laboratories, run by private entrepreneurs, which service hospitals and doctors' offices by doing the appropriate analyses. But they have the advantage that they can fix their own hours of working, and so they are in competition with the hospitals in one sense, but the competition is not, to use a well-known phrase, on a level playing field because the hospitals have to offer services which the private entrepreneurs can decide not to offer.

I think the hospitals are concerned that there are extra costs, therefore, generated to the health care system as a whole which perhaps could be avoided. So I guess the upshot of this statement is that we are looking to make sure that everybody operates on the same footing as do hospitals, so we do not allow somebody to cream off the easy, accessible money where hospitals have to provide the remaining services.

Mr. Haggerty: So you feel there could be additional revenue to the hospital in this particular area? Could there be, if things were changed?

Dr. Tuck: I think it is less that there would be additional revenue than that there would be just a lowering of the total costs to the health care system. After all, it all comes out of the Ministry of Health's budget somewhere.

Mr. Haggerty: I thought when you said duplication that they would go to the private labs and have some testing done there and then come back to the hospital and do the same procedure there. Does this happen?

Dr. Tuck: No, I do not believe so.

Mr. G. Cunningham: There is duplication of the facilities.

Dr. Tuck: Of facilities, yes, not duplication of the same tests.

Mrs. Cunningham: I am sorry I missed the verbal part of your presentation. In looking at funding public policy and your comments on page 12 of your brief, you are talking about a new consultative approach to the implementation of public policy initiatives.

I represent London North and I have visited all of the hospitals, of which we have many in London. Their great concern is, of course, a consultative approach when new initiatives, in fact, are being considered or are even being, in some cases, announced.

In some discussions, they felt that the role of the district health council could be helpful, but in most instances a lot of the initiatives they wanted to see take place were with that particular body. I am now talking about, to be specific, the palliative care program at one of the hospitals that has been funded out of the trust. The hospital no longer can do that. It has been three or four years that it has been funded that way. It is a known program of need. The community supports it, yet the initiative now is back with this district health council.

The ministry has suggested that perhaps that would be a good way to go in prioritizing needs for local communities. I am trying to understand that and to feel how my own community feels about it. Is this something you have considered as part of the consultative process? What are your thoughts on that? Is there anything you could offer us as far as some considerations your group may have?

Dr. Tuck: The position of the district health councils is something that concerns a lot of people in the health care system. It is only because that position is not well-defined. Not only this ministry but I would suggest previous ministers have pointed to the health councils as places where decisions could be made locally. I think we would all see that as a nice ideal, but I am not sure it will ever work in practice unless the health councils are given a lot more power and responsibility than they have at the moment, because while they can give recommendations to the ministry I do not think they can take decisions which are binding upon the ministry. There is a good deal of difference, it seems to me, between recommending that something be done or not be done and actually making that decision stick.

Properly, the ministry has to try and see the province overall and balance one district against another. I think the area of dissatisfaction with health councils revolves around the extent of their responsibility, and it has not been defined.

Mrs. Cunningham: I am obviously pleased with your comment, not because of information I personally have but because that is the exact information the representatives of the health councils I have met with have shared with me.

Unfortunately, as a member of the opposition, as we raise questions, many times the response from the minister is, "That particular decision will be discussed with the health council." I hope that some of the concerns you have raised in your response and that we have raised, and I think the health councils themselves have raised with her will be taken into consideration as we look at this big, overall picture.

I certainly share your concerns about a consultative approach. As a former school board trustee, we had the same kind of problems on school boards, and certainly with previous governments as well. I am not trying to get off the hook on that.

Dr. Tuck: I would like to make two points. First, the problem with health councils is not a recent one and therefore it is not peculiar to this minister or this ministry.

The consultative problems are really the fact that every now and then the hospitals and school boards and other bodies, too, get hit with decisions which are made some way away in the governmental system and are suddenly found to have an impact, which perhaps had not been properly thought out; government

is clearly a very complicated business. Hospitals are being increasingly pushed to do what is called impact analysis; if we take a new position, we ought to work out what it is going to cost all the way down the line. Perhaps there is a call for impact analysis at the governmental level.

Mrs. Cunningham: That would be refreshing. Thank you very much.

Mr. Mackenzie: There are two or three things I want to raise with you. In the competition for funds, obviously one of the major ones now is the Thomson report or the Social Assistance Review Committee recommendations. The pitch which was given, which my colleague referred to, was on the basis of kids not being able to learn when they are at school hungry and the obvious differences in health standards of some of the people who are on an extremely low income, inadequate food and so on.

It ties in to some extent with the arguments that have been made for many years about a more community and preventive medicine approach, everything from clinics to better municipal health programs. I am wondering if your association has tried to do any research or any study that would quantify at all what might be the saving in that kind of program and, tied in with it, the other problem we are hearing about constantly, which is the cost of acute care beds as against people in acute care beds who really should be in some form of extended or long-term or nursing home care. Have we ever tried to do an assessment of that? I am thinking of the overall budgetary picture, because I can see the competing forces at work for the next few years.

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Dr. Tuck: We have not done any analysis. As I said earlier, I think we would all accept that the general level of health of the population affects the way hospitals run, because clearly the fewer sick people who present themselves to the hospitals the better for the system.

Quantification is another matter. I have tried to talk to one or two people in the public health system about this. I do not see any very easy or satisfactory way of analysing the cause-and-effect relationship between doing this at the public health level and what effect that will have on hospital costs five or 10 years down the road. We have not done that and it will need experts in public health to tell you whether it can be done.

Mr. Mackenzie: I hope I am not digressing too much here; I do not think so, because it is part of our whole funding problem. I am wondering if it might not be a useful exercise. My own party, obviously, has always pushed this kind of health approach, but I am not sure we know, either, whether you can quantify it and what we are into in the way of potential saving, if indeed there is any saving, or whether it will just slow down the costs in the whole approach.

We get the same pressures on us as everybody else. I went home last night to a very frantic call from a woman whose husband desperately needs a heart operation but has been delayed two or three times. We thought we finally had it scheduled. They brought him in Sunday for an operation on Monday of this week. She got hold of me last night to tell me that it had been cancelled once again. Her only hope was that he was still in the hospital, but with no rescheduled date for it.

That kind of pressure makes you realize the need for acute care, whether the problem is in beds available or nurses or what have you. But by the same

token, there is a hell of a pile of our money going into hospital care and there are the competing demands from people like the poverty groups and the social groups who realize we have a problem if we do not do something such as Thomson has recommended.

I just wondered if one of the exercises that should not be speeded up is an attempt to quantify, if it is possible. I also understand the argument you made earlier that it is probably a longer-term process, but I think it may be an absolutely essential one.

I guess my final comment in the same area, if you would care to comment on it, is that I think some of the groups before us figure it is too political to make funding or revenue recommendations themselves. Yet I keep reminding them that during the last two years one of the things the Treasurer has told us very bluntly in this committee is: "Hey, anybody can come in with a shopping list. That's all you've been listening to." He said it very plainly last year: "Start showing me some recommendations on the other side of it."

I was thinking of trying to quantify it as part of that other side of it, but I have not seen many of the major organizations come in with recommendations. Is it because you do not feel that is your role or is it something that could usefully be added to your submissions? If we began to get a trend in all these submissions, it might help us make recommendations to the Treasurer as well.

Dr. Tuck: I would say we do not have the competence to do that at the moment. Whether it could be done if we put an effort into it, I do not know. My impression is that public health and epidemiology are complicated matters to discuss and amateurs can perhaps do more harm than good by making a pretence of a conclusion which is not well-founded.

Mr. Mackenzie: But who better to go to than your association for some comparison of where there may be a saving or tradeoff with the more community or preventive approach as against the costs of lumping all of these people into acute-care-cost facilities?

Dr. Tuck: Hospitals certainly are concerned to keep costs under control. Let's take that as a given and say that if we could find some way in which we could relate that to public health care or improving the lot of those who are in poverty, we would certainly support that. I repeat, I am sure we do not have the competence to do that at the moment.

Mr. Cleary: I was kind of pleased to hear some of your comments about the health care crisis that everyone seems to be talking about. The second thing is that I represent the Cornwall riding and we seem to have a problem there with middle-aged doctors, with some of them soon to retire, and the problem of attracting new doctors to the community. At the moment, we are short four or five doctors. I would just like your comments on that.

Mr. Tuck: The problem of how one persuades doctors to go into a certain locality or even a certain professional expertise is one that hospitals have been concerned with.

We have had local shortages; for example, a few years ago there was a shortage of people in anaesthetics. Suddenly, today, there is not. What anybody did to produce that change, I do not know. The classical market forces perhaps were at work, persuading people that here was an opening.

The only avenue I see at the moment to persuade physicians to move from an area which is overpopulated with doctors to an area like your own, where you see a forthcoming shortage, is to advertise that factor as extensively as possible.

Because we have no control over the medical profession—they have their own organization—maybe you should speak to them about the details of this. Hospitals can advertise that they have openings for positions or let it be known that there will be openings and hope that will persuade people to move.

Mr. Chairman: Thank you very much. Just to clarify one thing, on page 4, you talk about needing another \$41.5 million for operating funding. That is to increase the grant from 8.1 per cent to 8.8 per cent, is it not?

Dr. Tuck: Correct.

Mr. Chairman: Thank you. I appreciate your preparing this, appearing before us and answering our questions. It is obviously a vital part of the budget, there is no question about that, and we will be considering it. We will be writing our report next week.

Mr. Mackenzie: Mr. Chairman, just before they leave, would you permit just one quick question? It may have some relevance.

When you are talking about this additional sum of money you need, how much of that would be involved in the problem of nurses' salaries, or have you any way of quantifying that? How much of your shortfall has to do with the supply today of qualified nurses?

Dr. Tuck: I think the extra component probably does not have anything to do with that, but, certainly, the overall increase that we are asking for is based, among other things, on the fact that we know how much it will cost to satisfy the contract between the hospitals and the Ontario Nurses' Association in the next budget year. But there is not, I do not believe, an extra component in that extra little bit that you are talking about which derives directly from nurses' salaries.

Mr. Chairman: Thank you very much.

Dr. Tuck: Thank you for the opportunity of appearing before you.

Mr. Chairman: The next organization to appear will be the Ontario Federation of Labour. We have Stuart Sullivan, the vice-president, and John O'Grady, the research director. Welcome to the committee, gentlemen.

We will be distributing your brief as you commence. Perhaps you can open with a brief statement or lead us through it, as you will, and hopefully leave some time for questions. We have approximately half an hour.

ONTARIO FEDERATION OF LABOUR

Mr. O'Grady: Thank you very much, Mr. Chairman. We certainly do not intend to read our submission to you. What is being circulated to you right now is a submission that we made in writing to the Treasurer, and we certainly have every intention of meeting directly with the Treasurer to discuss a number of these points with him.

What I want to do is summarize for you some of the observations and recommendations that we made in our submission.

I suppose our point of departure is that what makes this particular budget statement extremely important is that it is the first major statement of economic policy that will flow from the government in light of the ratification of the Canada-United States free trade agreement.

In that respect, the political message which is embodied in the budget statement is extremely important to the trade union movement. This is more than simply a statement of the government's fiscal intentions for the upcoming year; it is a statement of its broader economic policies in light of the ratification of the free trade deal.

One of the points, therefore, that we would look to in this budget, because of the political context in which it comes down, is a clear statement by the Treasurer on behalf of the government that it is Ontario's intention to preserve, without any dilution at all, the social programs, social services and labour standards that we already have in this province and, as well, to make a clear commitment to retaining the province's long-term objectives to improving those programs, services and standards. Perhaps, Stu, I can ask you to comment a bit on that point.

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Mr. Sullivan: One of our major concerns is on behalf of the people of the province. We see that there is a potential for erosion of the social services. We think these are extremely important to be able to build a fair and just society and we would be very, very concerned about any potential erosion of these. Of course, we will be waiting with bated breath to see what Mr. Wilson has to say in regard to that issue. I realize that will have some impact on the province's ability to act in that area.

Mr. O'Grady: The arguments as to why social programs, social services and labour standards were put in some jeopardy by the trade agreement are not arguments I want to repeat in this committee, because certainly members of the government, indeed broadly speaking, accepted the logic of those views.

What is now clearly important is that the Ontario government go on record, in the clearest possible way, that it will not accept any rolling back of existing social services, social programs or labour standards as a consequence of the trade agreement, in other words, that Ontario's policy position will clearly be to counterbalance any of those pressures that may flow from the operation of the trade agreement. That speaks particularly to Ontario's monitoring as well of the continuing negotiations that will occur on the subsidies code, which is where the heart of the pressure for dilution will undoubtedly be found.

Let me turn now to the problem of adjustment. Again, I do not want at any great length to go over the particular reasons why the Ontario economy will be so dramatically affected by the process of adjustment. Suffice it to say that this province is the home of a large number, a large proportion of industrial plants that are uncompetitive in terms of their scale. They are smaller-sized operations. They often have less than current technology. They have low levels of research and development spending. They are frequently branch plants, which means key economic decisions about their future are made outside the province.

Because a manufacturing sector that is characterized by that kind of industrial plant looms so large in this province, it is probably not an

exaggeration to say that Ontario, more than any other region in North America, will experience the sharpest and most severe problems of adjustment, so that Ontario and the Ontario government have a greater interest in managing the adjustment process than any other province in Canada and certainly more than we have seen thus far expressed by the federal government.

Stu, perhaps you could add a few points on that.

Mr. Sullivan: Just from a personal experience point of view, I happen to work for the Energy and Chemical Workers Union. It has already experienced pressure from various employers on their need to get lean and mean, in their terms, to be able to compete in a free trade market.

Already, we have suffered loss of employment. We have had one plant closure to date. We have had in fact another plant closure in another province. The reasons they give us privately, but often refuse to state publicly, is that they have to position themselves for free trade. So at this point in time, we have already experienced a loss of employment.

Perhaps I may give an example if I can again get a little personal and share an experience we are having in our union. While our membership is growing, of course never at the level we would like to see it grow, we are finding that the jobs we are losing are the well-paying jobs. We are replacing those workers with workers who are earning 35 per cent to 50 per cent of the workers we have lost.

In other words, we are losing the jobs that require a fair degree of skill and pay a good income, somewhere up in the neighbourhood of \$18 or \$19 an hour, and instead, we are replacing them with workers who are earning anywhere from \$5.50 an hour to \$8 an hour. That obviously is going to have a negative impact on our economy. It means a tax loss to the government as well.

Mr. O'Grady: Moving to the sectors of the workforce that are most likely to be affected by the problems of adjustment, I think we can identify not only certain industries or regions that are obviously most vulnerable, but also certain classes of employees who are most vulnerable because they tend to be concentrated in vulnerable industries or regions. The problem of older workers is one that we want to highlight in particular. I am thinking here especially of the problems faced by the older industrial worker.

The practice in industry is typically to recruit new employees at the entry level, so that even when the older, laid-off industrial worker finds alternative industrial employment, that alternative industrial employment is typically at an entry level. So the older worker in all probability, even if successfully reabsorbed into the labour market, is going to suffer a permanent earnings reduction. Add to that the interruption of pension accrual and the particular economic hardship that falls on the older worker and it becomes a matter of some considerable concern.

The federal government probably made the situation worse. One of the devices that provides a measure of cushioning for the older worker is, of course, severance pay. Ontario did improve the severance pay provisions during the last minority government. What the federal government, as you know, has done is to revise the unemployment insurance regulations in such a way that the severance pay an employee receives is treated as though it were earnings, so it simply postpones the commencement of unemployment insurance. That

amounts to a reduction of the flow of income, in this case to older workers in particular.

Recognizing the problem it had created, or rather the problem it had accentuated, the federal government then introduced its program for older worker adjustment, the so-called POWA scheme, which does not even remotely put as much money potentially in the hands of older workers as the government took out with its change to the UI regulations. Nevertheless, it is a program that does address, in some respects, the problems of older workers.

We would acknowledge, and we have acknowledged in our discussions with the Minister of Labour, that the POWA scheme is very severely flawed. Certainly, it is not the kind of scheme we would have drawn up and I doubt if it is the kind of scheme the Ontario government would have drawn up. However, as we understand it, the present position of the Ontario government is that Ontario will not opt into the joint federal-provincial scheme, the program for older workers, because of its objections to the way in which the plan is designed.

While we share most of those objections, I am afraid we must part company with the practical decision that was made. The situation of older workers is simply so serious, and is likely to grow more serious as a result of the adjustment process and the free trade agreement, that Ontario either has to opt into the federal program or has to put in place, on its own initiative, some scheme that will be of equal or superior value. We have certainly assured the province that we would be more than willing to sit down with it and offer any assistance and co-operation we can in designing the way in which such a program could work, so that support is targeted in the most useful and efficient way.

The other group of particularly vulnerable workers we want to draw attention to is women workers, mainly in industry, whose level of occupational skill is below average. That often coincides with women who have an immigrant or visible minority background. They are typically concentrated in the labour-intensive manufacturing sectors, which will be the ones most adversely affected by the process of adjustment. Their reabsorption into the labour market clearly requires a significant commitment to retraining, but the particular problem faced by women workers is the pressure of providing for child care.

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A woman worker who is on unemployment insurance simply cannot afford to undertake extensive retraining and bear the costs of child care. The pressure on that woman to get back into the labour force, even at an inferior salaried job, is so great that it is a powerful and potent deterrent to undertaking retraining. It is in our view clearly essential for the provincial government to link to the retraining opportunities that are available for women workers the provision of benefits to cover the child care expenses they will incur, at least during the period of retraining, in order to remove that barrier to retraining of this particular segment of the workforce.

Let me turn now to the problem of plant closures. We have talked in the past about the need to strengthen legislation here in Ontario dealing with the notice workers receive, the severance benefit they would be entitled to and the obligation, in particular with respect to branch plants, to provide justification for closure decisions.

A fourth point that we have raised and that I think it may be useful to dwell on here for a few minutes has to do with the protection of outstanding wage claims when a company becomes insolvent. This clearly becomes a more pressing issue as we deal with the problem of adjustment. The claims we are talking about are really three or four—wages that are simply owed and not paid because of the insolvency, notice that ought to have been given but was not and severance that ought to have been paid but was not.

I believe it was in 1985 that the government appointed Don Brown to head a one-person commission to examine this problem. From memory, I will just go over with you the sums of money that, as I recall, Brown estimated we were dealing with. As I recall, he was taking these from roughly 1982-83, so we are talking about a period of economic downturn.

Mr. Chairman: You are talking about a situation where the law is in place, but is not being obeyed essentially.

Mr. O'Grady: It is not being complied with because the company has gone insolvent. The claims are there; they are unsatisfied claims. The amount of unsatisfied wage payments was \$6 million, as I recall. Brown then estimated an additional \$4 million for unsatisfied fringe benefit payments—that is to say, things like insurance benefits that were supposed to have been paid, whatever—and a further estimate for severance and termination benefits that were owing of \$35 million. That was also before the severance and termination benefits were improved by the amendments to the Employment Standards Act, so that sum would presumably have to be re-estimated.

If you were to simply take those numbers, they compare with a total payroll in Ontario at that time of somewhere in the order of \$80 billion. If we are talking about insuring unsatisfied wage claims and if we are talking about insuring them through some species of payroll tax, what we are looking at is something in the order of one twentieth of one per cent of payroll. In other words, it is not a particularly awesome sum.

What we are dealing with here is a cost that when looked upon from the point of view of the society is not particularly large, is certainly quite manageable, but when looked upon from the point of view of the individual affected is in fact very substantial. The average individual losses here tend to be quite large.

One could surely envision a means of levying such a payroll tax, probably in conjunction with some existing program since one would not want to establish an entirely separate tax collection mechanism for such a relatively small sum, but it should surely be possible to marry this to, for example, workers' compensation, which is based on payroll administration.

The Brown commission had suggested it simply be paid out of consolidated revenues and that the Treasurer then increase—as I recall, the proposed tax increase was on the registration of personal property. If those fees were substantially increased, that would generate sufficient revenue to cover the cost of having the consolidated revenue fund provide that insurance function.

Whatever device is settled upon, we cannot emphasize strongly enough that as the process of adjustment gathers momentum, the need to ensure that outstanding and recognized claims of workers be satisfied is particularly important. What is more, the order of cost we are talking about is hardly one that is a major obstacle to solving the problem. Throughout the European common market, as a result of a directive of the European Community, every

member state has now set up a public fund to insure outstanding wage claims and conditions of insolvency. Usually, they have married it to some other social insurance scheme that operates on a payroll tax, simply for reasons of convenience.

Let me now move on to a couple of the other points we refer to in our submission, in particular our discussion on job creation. While one could certainly cover a range of topics on that, what we have focused on in our submission to the Treasurer is the problem of single-industry towns. Our thought there is this: The problem of single-industry towns has up until now generally been conceived of as a difficulty of resource sector towns. There are, however, a number of population centres in Ontario where the single industry is in fact one of the protected industries.

We know the textile industry largely migrated to eastern Ontario. Many of the food processing plants—the food processing industry is probably the most dispersed industry in the province and is also the largest single manufacturing employer in the province. There are a number of population centres in Ontario that now are single-industry towns, whose economic base will be vulnerable as a result of the free trade agreement and which, up until this point, we have not looked upon as being part and parcel of the single-industry town phenomenon or single-industry town problem, because we have conceived of it up until this point as a difficulty that is faced by resource towns.

The problem with the single-industry towns is clearly the fact that they have a single industry, that they are not diversified. What obtains is a kind of market failure. Because it is a single-industry town, because its future is uncertain, private investors are reluctant to make an investment in that particular location. The reluctance of each adds up to the reluctance of all. Nothing breaks the circle. What is required to break the circle is some public initiative to get the process of diversification going so that the perceived risk of a private investor is then reduced.

We suggest a couple of devices. I might add here that in terms of practical experimentation, the experience of the European economies is very rich and the experience of a number of American states, in looking at forms of community-based economic development, is quite rich. Indeed, in this regard, Ontario and Canada are somewhat laggardly. The notion of community-based economic development strategies features quite prominently among the policies advocated by the Organization for Economic Co-operation and Development, which is certainly not a centre of economic radicalism. They use the term "economic pluralism" in discussing the kinds of initiatives that they would recommend.

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We suggest two devices. The first is the creation of community-based development funds that would clearly have to be supported, in large measure, by the province. The second is the creation of a development fund into which pension funds could channel some modest fraction of their investments, with the important caveat that the province would have to stand behind the debentures of such a development fund, at least to the extent of its principal.

Pension funds today would have the same reluctance to invest in community development diversification funds as any private investor. If government can do something to substantially reduce the risk, at least by guaranteeing the principal of debentures that might be issued by such a fund, then, in all probability, pension funds would voluntarily assume some of those obligations in small proportion. They might indeed even be required to do so.

Certainly we in the labour movement are not averse to imposing a greater social obligation on pension funds, because we observe the tax advantages that are conferred on pension plan participants are very substantial and the only social obligation which is now imposed on a pension fund is that 90 per cent of its assets be invested domestically. That is not commensurate with the tax advantage which is conferred upon them. So a greater obligation on pension funds is not unreasonable.

We also, in our submission, turn to the question of training. Here again, I think what we are looking at is a problem of market failure.

Mr. Chairman: I wonder if you could save a little time for some questions.

Mr. O'Grady: Certainly. Employers chronically underinvest in training, because they seek from training the same sort of rate of return as they would seek on any other investment. Yet the mobility of employees militates against their earning that rate of return. Employers tend to underinvest in training.

That becomes a particularly major obstacle when we are facing the need for an accelerated and intense adjustment process. What we have proposed is, first, an institutional mechanism in which training would be carried out by bipartite—that is to say, employer-union—commissions organized on a sectoral basis. We have also proposed what flows logically from an analysis of the market failure phenomenon, that this be financed through the imposition of a training tax or a levy grant. The two terms are virtually synonymous.

That indeed would simply bring Ontario's practice into conformity with the practice of most other jurisdictions, in particular, the European. Stu, do you have any observations you would like to add to those points?

Mr. Sullivan: To the last point, I think there is also a need to recognize the training that has taken place. Let me outline a problem that we have in industry regarding skilled workers. Let's use the oil and chemical industries as an example. For a person to become an operator in one of these industries, it is generally conceded, requires up to seven years. It is a progression. It is on-the-job training, and it really becomes a highly skilled profession. But at the conclusion of that training, if that employer goes out of business or shuts down and that person loses his job, that skill is not transportable. There is no mechanism within Ontario to recognize that as a transportable skill. If he or she goes somewhere else, that person must start the whole training process all over again.

In addition to the points that John has outlined, I think there has to be greater emphasis on recognizing the training that has already taken place in the workplace. I am sure that is true of other industries, such as steel, auto manufacturing, etc.

Mr. Chairman: Thank you. I have questions from Mr. Mackenzie and Mr. Kozyra.

Mr. Mackenzie: First off, you have made a number of specific recommendations that I think can fit very well into our discussions and report. I am glad you touched on the effects of the free trade agreement in terms of workers in Ontario, because it has not had a lot of attention in these hearings.

I would like to ask a couple of questions on that line first and then I have one or two other questions.

Mr. Chairman: I wonder if you could restrict it a bit, Mr. Mackenzie, because we are running on a time line.

Mr. Mackenzie: I will do my best.

Is the Dow Chemical strike still on?

Mr. Sullivan: No, that was concluded in December.

Mr. Mackenzie: How long did that last?

Mr. Sullivan: A little over seven months.

Mr. Mackenzie: This was an industry that appeared before this committee, telling us, one of the very few, that free trade was the greatest thing that could happen and that it was going to be the great beneficiary of it. Yet as I recall that dispute, there were not a lot of security measures offered to the workers. It was really, "Allow us to operate pretty well as we please."

Mr. Sullivan: Obviously, they did not give us the same submission, because their submission to us was that we had to get leaner and meaner because of the free trade deal, which means fewer jobs, more contracting out and trying to negotiate lower rates in different areas.

Mr. Mackenzie: Have you used the actual cost figures with the Treasurer or the Minister of Labour (Mr. Sorbara) in terms of the bankruptcy suggestions you have made?

Mr. O'Grady: We certainly referred to those. Those are from my recollection, but I was just reading the report again last night. They are in the Brown task force report, which is, of course, a public document.

Mr. Mackenzie: Of course, one of the problems we have had, and if we could get them in recommendations in terms of the budget it would be useful, is that the older worker material, the bankruptcy material and the plant closure recommendations that you suggest here have not only all been made but in many cases agreed to, even with signatures in an accord. In terms of the bankruptcy, we had a pretty firm commitment from Mr. Wrye, when he was the minister, that this would be in place. The 1985 recommendation came about from a commitment by the previous Tory government that it finally recognized the need to move.

As a matter of fact, going back to Hansard will show an almost absolute acceptance of it. That was 1985-86. I see we are back on the same track now in 1989, without any action on these moves where we have had commitments.

The other thing is the Social Assistance Review Committee report. What is your position in terms of the SARC report as being absolutely essential to this budget coming in?

Mr. O'Grady: As a matter of fact, we met yesterday with the Minister of Community and Social Services (Mr. Sweeney). I suppose I would put the advice we gave him in two points. The first is that we certainly endorsed, as a matter of urgent priority, the implementation of what I guess is broadly

characterized as stage one of the SARC report recommendations. We made very clear that we endorse that implementation as a matter of priority.

We also indicated to him that we did not believe it was possible to reform Ontario's social assistance system, separate and distinct from looking at the problems of the low-wage end of the labour market. Those two problems cannot be separated and put in different boxes. The one will always confound the other if you attempt to do that. Labour market measures to address the problems of low-wage workers have to come in almost simultaneously. On the social assistance side, the problem you encounter if you do not do that is the so-called problem of design, or disincentives. It does not pay people to get off social assistance.

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Mr. Mackenzie: Okay, I have just one other point. You have put the emphasis in your presentation on the effects of the free trade agreement on workers and people and some of the benefits we have been able to achieve. Did you see the statements recently by the Canadian Manufacturers' Association and Mr. Thibault about the need to deal with our deficit and cut back on social programs as part and parcel of the same battle that you are talking about right here?

Mr. Sullivan: I see it as part and parcel, but obviously we have a different point of view from Mr. Thibault and the Canadian Chamber of Commerce on how we deal with it.

I am not going to argue. I am not an economist and I cannot argue too effectively on the need to reduce the budget or to what level, but our concern is that there are measures that can be taken while still protecting badly needed social services in this country. In our submission to you today, we have said that we must preserve them. I suppose my feelings would be that with free trade, it may be necessary to expand them rather than to preserve or maintain the status quo.

I am very concerned. I am concerned about the erosion in the living standard of the bottom half of the population. I speak somewhat from personal experience, as I grew up in poverty. Believe me, it is not all it is cracked up to be. They talk about the dignified poor. I would just as soon be a little less dignified and have a few more bucks in my pocket, and that was my attitude when I was growing up. I do not think I want to see this province or the people of this country actually regress back to the "good old days." They were not all that good.

Mr. Chairman: As compared with the implementation of stage one of the SARC report with the adjustment programs which you are advocating under free trade, how would you prioritize those two?

Mr. O'Grady: The distinctive feature of the adjustment programs is that the costs that are associated with them, that is to say the positive aspects of the programs, are related to training. We would very strongly argue that the social cost of training should for the most part be borne through a payroll tax. That makes eminent sense to us.

Mr. Chairman: You are saying we can do both?

Mr. O'Grady: That is right.

Mr. Chairman: What if we had to do only one, though?

Mr. O'Grady: We would not recommend to you that you finance industrial training with a sales tax or by the personal income tax. We would recommend to you that you finance industrial training—occupational training—through a payroll tax.

Mr. Kozyra: Two quick questions. I would like to focus on development funds as they relate to single-industry towns. You have indicated it is a misconception to think of this problem of single-industry towns as being related only to northern Ontario. Connect that with the northern Ontario heritage fund.

Do you see an extension of that kind of thing or do you see that—and I think I know the answer you are going to give here—as inadequate as it presently exists for northern Ontario? Do you see an expansion there and an extension to others throughout Ontario?

Mr. Sullivan: I would see it as a combination. Obviously, in the labour movement, we have been attempting to wrestle with exactly how a development fund should be administered and how it should be developed. We think any development fund should be available to communities, regardless of their location in Ontario, to encourage other industries and other employers to move into those communities and to try to diversify the economies of the one-industry communities.

I happen to live in a one-industry community, Sarnia. It is considered generally to be an affluent community, but it is affluent because of the industry. On the other hand, that industry could suddenly turn around, as it did in 1982 and 1983; it quickly moved from a very affluent industry to one with an extremely high unemployment rate. Social costs or social service budgets tripled in those two years because there was no other base in that community.

A development fund, I think, should be developed for use, trying to diversify the economies of all the single-industry communities in the province.

Mr. Kozyra: The magnitude you are looking at would far exceed the northern Ontario heritage fund of \$360 million over 12 years. That is the present fund.

Mr. Sullivan: It can serve as seed money. It is often an investment in a community. Certainly it may be a fairly major investment, but that investment will often spark other investments and start snowballing. As John referred to it, it will break that cycle. We have seen it to a degree in Sudbury, with the government taking certain initiatives at the time, moving some of its branches in. It helped to break the cycle. So while Sudbury is still very much a mining community, its dependence on mining as a proportion of its economy has shrunk. It has served as an incentive for other businesses to move into that community.

Mr. Kozyra: I would like to just pursue briefly the channelling of pension funds into development funds. If I understood your point, you are asking the government in a sense to underwrite or stabilize these by its own involvement. By the precarious nature of single-industry towns and so on, would that be something like inviting the government to get involved, even though it would be the stabilizing agency, in something that for it is a major risk?

At the present time, the government is involved with and finds itself with the problem of two unfunded liabilities with two pension plans, those of the Ontario Public Service Employees Union and the teachers, an unfunded liability of about \$7 billion. Would this be a similar kind of invitation to get involved in something that down the road is a very difficult and costly situation for it?

Mr. O'Grady: First of all, it would be clearly unwise to assume that all of the investments of a development fund are going to fail 100 per cent, and therefore the government is going to be presented with a bill for outstanding principal on debentures. If one has that premise to begin with, then the whole concept is devoid of attraction.

Canada has a good deal of experience with development funds overseas. We support them through the CIDA. Development funds are not a unique institution in economic planning. Every Third World country has them, and Canada is a very active supporter of a number of development funds. Throughout the European Community there are development funds. Indeed, what is called the European fund is part of a social dimension of that economic integration. So the theory of development funds is pretty well developed, as is the practice.

We would not recommend that Ontario move recklessly into the creation of a development fund, but this is hardly breaking new ground in the economic policy field.

Mrs. Cunningham: I will be very quick. Your observation with regard to child care was, I think, well covered in the SARC report, so you will be happy to know that. Certainly, as the critic for the Progressive Conservative Party, I know we have been urging that kind of support as well. I just wanted to make that statement.

On page 15, I am most interested in your observation with regard to skills training. We do not have a lot of time today, but when you talk about "the structure within which we believe training and adjustment programs should be both designed and administered," you have made some submissions before. I would be most interested in receiving them, as we are in constant consultation with the Minister of Skills Development (Mr. Curling). Perhaps we ourselves could meet with you as well in order to give them some specifics on where they could move.

I am very serious about making a dent in that tremendous problem that you have described so well with regard to the chronic underinvestment in skills. It has been going on for some years, and I think we are at a crisis. I would appreciate your support, again in my position as critic but more important as someone who wants to see a change.

Mr. Sullivan: Could I make one observation on that? In the 1960s, we negotiated training programs in our collective agreements with the major petrochemical and oil sectors. Their fear at the time was that they would be training people for other industries; they would lose them.

In the early to mid-1970s, when there were massive capital works projects going on in the area and they were trying to bring tradesmen in from as far away as New York City to meet the demand, the companies that expected to lose their skilled tradesmen did not lose them. The ones they had trained in-house, the ones they had invested money in in training and developing their skills, stayed with that employer. The ones they lost were the ones they had brought in from the outside, and they went back outside.

So they found that the test was in the eating, and they said that they were now satisfied that in-house training—by in-house training I mean we used the community colleges, but the workers were paid; it was a combination of formal and on-the-job training; they meet the Ministry of Labour standards for the various skills. They did not have that erosion of workers that they had originally predicted and they are much more comfortable with it today.

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Mrs. Cunningham: I would be most interested in pursuing that further. I am sure you have a lot of experience. It would be most helpful.

Mr. Chairman: It may be something the committee can work on even after our budget report.

Mrs. Cunningham: That would be great.

Mr. Chairman: I have let this submission go on much longer than I am supposed to, partly because I thought it was a very good one and partly because, frankly, you said very little I could not have uttered myself in a way. I thought it was very carefully and well prepared.

I would like to close with just a few comments to the labour movement, if I may. I was recently in the United States, probably invited in part because of my opposition to the free trade agreement. I looked at some cities that have suffered recently, particularly Pittsburgh and Cleveland, and I looked at some of the areas in the south where they are benefiting, I suppose, from the rust belt.

The average steelworker in Pittsburgh today is over 50 years of age. I drove along the Monongahela River valley and saw empty steel plants. I talked to steelworkers and they blamed all kinds of people, but among others they blamed the Reagan administration for not having given them any adjustment programs. When I asked, "Why didn't you get involved yourselves, as a final activity, to try to participate in that adjustment?" they answered by saying that they did not have enough money, that they simply could not afford it. I can understand that, but it may have been a very pertinent and realistic question when government was not responding.

We are looking today at cutbacks in our country of federal funding for adjustment programs. Obviously, that does not get us off the hook, but it is going to have to be a joint and co-operative effort. I just wanted to make that statement because it seemed very sad that the union mechanism was there and the workers have all gone south and they are working often not unionized and for much less money now.

Mr. O'Grady: There are three bipartite commissions that are now either in existence or coming into existence in Canada. There is the Canadian Steel Trades Employment Congress which is a bipartite operation of the steelworkers' union and the steel employers. There is one in the Electrical and Electronic Manufacturing Association of Canada, EEMAC it is called, which is coming into existence. On the west coast the forest products industry is in the process of creating a bipartite model. The steel trades one is the most advanced. It is financed now in large measure by the Canada Development Investment Corp. The electronics industry one will be financed 50 per cent by CDIC and 50 per cent by the stakeholders.

Mr. Chairman: In any event, I appreciate the tone of your submission

and I think it augurs well for government-labour co-operation. Thank you very much.

The next group is the Ontario Beekeepers' Association. Their submission was distributed to committee members last month and is being resubmitted now in case you do not have it with you. Gentlemen, if you would take seats before the committee. We have Paul Montoux, the president, Norm McWaters, first vice-president and Barry Davies, second vice-president.

I wonder if you would introduce yourselves so that the television monitors will know who they are focusing on as you are speaking.

ONTARIO BEEKEEPERS' ASSOCIATION

Mr. Montoux: Good morning. I am Paul Montoux. I am the president of the Ontario Beekeepers' Association.

Mr. McWaters: I am Norm McWaters, the first vice-president of the Ontario Beekeepers' Association.

Mr. Davies: I am Barry Davies, the second vice-president.

Mr. Montoux: We are here before you today to try to relieve some of the financial burdens that are besetting beekeepers in Ontario. The Ontario Beekeepers' Association believes that the Ontario government is ignoring the pleas of an industry that provides \$7 million worth of honey and wax, \$65 million worth of pollination services and untold benefits to the environment and the ecology here in Ontario.

We have members going out of business. Financial assistance has never been required in the past, but due to United States subsidies, as well as financial help that other provinces in Canada are receiving, the Ontario beekeeping industry's livelihood is at the critical stage.

Representatives of our industry met with the Minister of Agriculture and Food (Mr. Riddell) on October 4, 1988, to outline our position. We presented a brief that was in response to conditions as far back as 1986. Our position is that the US has a 55 per cent honey subsidy but Ontario provides no subsidy.

The cost of producing honey in Ontario was \$1.50 per kilogram in 1987. The wholesale price was 88 cents a kilogram, for a loss of 62 cents a kilogram. That does not include the beekeepers' labour. The average price per kilogram of honey has dropped by 17 per cent from 1982 to 1985. The consumer price index in that same period of time has risen by 29 per cent. Existing and proposed programs put forward by the Ontario government either fall short, are inefficient to work for beekeepers here in Ontario or unfairly subsidize the producers of western and other areas of Canada.

We have a four-year package that we presented to Mr. Riddell. If you all have your outline, it is on page 7. I will not bother to go through the details. You can at your leisure find out more about the details of it, but we would just like to go over what we are asking for. Again, it is spread over a four-year period. We feel that at the end of this four-year period the honey market situation in Canada and North America will have levelled out and will have stabilized.

We are asking for a three-year period for promotion and market research. We feel we are being left out of a lot of, for instance, Foodland Ontario

promotion. It would not be that difficult for honey to be piggybacked along with some of the other Foodland Ontario advertising that is done.

The next item is the capital item development. Again, other provinces in Canada have received provincial aid to help them modernize and become more efficient. This would be on a cost-shared basis and would help our beekeepers to become more efficient and be able to compete in the modern day economies.

Additional apiary inspection: This would be money that would be pumped into our provincial apiarists' budget. We have two new pests that have just surfaced on the horizon, as well as the impending Africanized bee or killer bee, that we are sampling for, inspecting for and hopefully would like to receive compensation for if and when found. The budget our provincial apiarist has to work with right now has not been expanded and we have these three new pests that require added work and sampling costs, and they have not been addressed.

The two mites are the Varroa mite survey and the honey bee tracheal mite survey; again, to maintain a healthy industry here in Ontario. At this point we are one of the few areas in North America that has mite-free, disease-free bees. We are developing a new industry in response to the poor honey prices, which is queen and nucleus production, to sell bees to other beekeepers, and that whole industry is threatened if the inspection system does not maintain our disease- and mite-free status.

Compensation for mite and disease, when found, is a three-year program, again. Many of our beekeepers experience heavy losses due to spray and pesticide use. We have never received compensation for any of the kills due to spray and pesticide use and we would like to see money set aside in the budget to compensate them.

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A large proportion of our request is to go towards more research. In order to streamline our operations, we are developing ELISA, enzyme-linked immunosorbent assay, techniques to find diseases easily and readily. We are working on a genetic stock improvement project to try and bring in bees that are resistant to these various pests and mites and develop them here in Ontario, and a method of quickly identifying where the queen honey bee is in a colony, which would greatly increase ease of management.

The whole package is a \$6.3-million package. To date, we have received no positive reply from the minister. Ontario beekeepers may be forced out of business; some already have been. Two new members of our executive on the board of directors, as a direct result of financial burdens on our directors, have had to take secondary jobs. We have had several beekeepers sell their hives outright. They have been moving out of the province. Over 1,000 colonies left our province last summer and that trend is going to continue unless it is financially feasible for beekeepers to keep bees here in Ontario.

With the resulting loss of those colonies, you are reducing the number of pollinators there are in Ontario. Again, that represents a \$65-million industry in apples, pears and oil seeds. It encompasses the whole cross-section of agriculture.

Our meeting is coming up in the spring and we need to be able to tell something to our members. They want to know if they are they going to get any help. If they are not, they are going out. If they are or can expect some in the near future, they can hang on. Beekeepers are a very resilient lot.

Most of our members, again, have taken second jobs to supplement their income. They cannot even sell their colonies, because the price of honey is so low due to US subsidies and the other factors I mentioned. It does not even work as a pension for them any more, something they can retire against. The family farm unit is breaking up. Sons see the writing on the wall. They are not taking up the business. It is just not feasible for them to do that. They can make more money in the cities than they can out on the farm. We are finding situations where beekeepers are not being able to hand their operations down to their families.

The resulting lack of pollination will drastically lower both yield and quality of many agricultural crops in Ontario, which could eventually lead to increases in food prices at the retail level. The damage to wildflowers, trees and shrubs in our environment and ecology could be devastating.

Mr. Davies: Maybe I will give Paul a rest for a moment. I would like to talk about supply and demand for a moment. That is what is supposed to make our capitalist system work. It is pretty hard for us to operate against these other subsidies in a supply and demand system. We are looking at a 55 per cent subsidy in the US. We are looking at subsidies in, for instance, Alberta of \$50 per hive in the last four years. We are looking at fuel rebates in the prairie provinces, which is a high production area. They are pushing this honey into our market, which is creating quite a surplus. We have no control over the supply of this.

Coupled with that, the Quebec situation of two years back of the sodium sulphathizole disrupted not only the Ontario market and the Quebec market but also the world market for honey. Instead of Canadian honey having that "cleaner than thou" type of thing, being able to ship it all over the world without any testing or what not, now when we have a surplus condition everybody is at the door saying, "Give us the test first and then we'll talk about price," and so on down the line. It has just really backed it into the Ontario market, with no protection for us or no chance to really compete in that supply and demand situation.

I would like to address that with regard to pollination. The updated figures just released under program 30 at Guelph, which is the research and development for our industry, show that the value is around \$65 million that we provide to agriculture.

The demand for this translates to about 10,000 hives that the beekeepers are paid directly for pollination. The rest of that \$65 million is sort of free pollination. In other words, wherever the bees are in Ontario, they do this pollination for all the rest of the province free of charge. There is only a very small portion of our colonies that are rented out.

If we look at this, we might say that if the professional beekeepers of Ontario leave, then it will not matter; supply and demand will catch up. We will have a situation where the grower of apples, for example, will demand hives and the price will rise.

This is really not quite so, because if there is not a strong industry within Ontario, with the present state of apiculture in North America the Africanized bee or killer bee that will be in the southern United States in 1989 will soon be transported by this demand into Ontario.

If we do a little conversion, we can see that 10,000 hives rented will bring 10,000 of these queen bees with them. If we translate that into what

research tells us, these hives will swarm some 30 times in a year, so we will have 300,000 of those units in Ontario in any given year.

We do not think that is responsible. We feel that our approach is responsible. We think that we can offer to Ontario good bees, a good closed quarter and a good service, but somehow we have to survive this interim time, and I think it is from that that initial request for the direct cash payout is there. In other words, we need some way to get from here to there, and then I think the market and supply and demand will sort of catch up to us.

Mr. Montoux: I might also point out that that direct cash payout to the beekeepers would partially compensate beekeepers in Ontario for competing against direct cash payouts that other beekeepers in Canada have received from their provincial governments. As I point out again, we have never received a direct cash payout from our provincial government, nor have we ever asked for it in the past, nor have we ever needed it in the past. Our time is critical right now.

We need to find out. When we presented this to Mr. Riddell, we were told at that time that there was no money available. That is the reason why we are here before you today, to try to get some money into that budget so that it is made available to beekeepers.

Mr. Pelissero: Thank you, gentlemen, for your presentation today. In the written presentation, you talk about the container levy. Can you explain in a little more detail how your association is funded and how you propose to see it funded in terms of a producer levy, either voluntary or mandatory?

Mr. Montoux: We have received legislation to go ahead with a container levy. The way it would work would be that a certain percentage of each new container purchased would go towards the beekeeping industry in Ontario. We would like to see that money spent mostly in some of the areas of promotion, research and marketing. As it is right now, our association is funded entirely by membership fees.

We represent 5,500 beekeepers in Ontario. Our membership in numbers, is quite a bit less than that, but we do represent 80 per cent of the colonies through direct members of our association. We would see the container levy legislation as being a great help to try to finance and to get the seed money that is required for many of the tripartite and shared-cost programs that we are unable to take part in right now because of our financial problems as an association.

Mr. Pelissero: You mentioned that 1,000 colonies left last year. Where did they go, and would they be coming back in during pollination season?

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Mr. Montoux: No. They went to—where is it? In Manitoba?

Mr. Davies: Manitoba.

Mr. Pelissero: So basically, the tender fruit industry has 1,000 fewer colonies in which to pollinate, which I think is a point you made earlier. Maybe you could expand a little bit on the possibility of charging more for the hives to pollinate. Where is the price sensitive to the fruit producers simply not doing it, from a short term?

Mr. Montoux: Again, it is the same situation. You cannot bleed a stone. The fruit producers can only bear so much expense. Sure, there will be a situation of supply and demand but there are many crops that traditionally do not require insect pollination at all right now, because they are attractive enough to the bees that they will work them and go out of their way to work them. But if they are not there, then you will see a lack of germination rate and size, yield and quality of the crop, whatever it may be.

Mr. Pelissero: One final question: In your brief you talked about tripartite stabilization. Could you bring us up to date on what is happening in that area and possibly talk about why you feel it is necessary to have a cash injection before you sign the tripartite plan?

Mr. Davies: Tripartite, as you are all very well aware, is an agreement between producers and the two governments, but it is like crop insurance: It was designed for good production areas. Here in Ontario, basing tripartite on production is not to our advantage. As a matter of fact, it is very much to our disadvantage.

I can give you the scenario from their brief. The all-cost production done by the ministry shows that using a 95-pound average under tripartite, and that is the one I will use, we would receive approximately \$8.40 a hive. The beekeepers in Manitoba, under the same program, would receive \$48 a hive. So there is quite a discrepancy.

Based on those same economic figures, we would stand to lose \$12.95 a hive on operating in 1987. So the tripartite situation or stabilization program is not geared to meet our needs. It is the same as crop insurance that is 70 per cent of the production. Using those same scenarios, we would stand to lose \$35 a hive, taking crop insurance.

To us, neither of these programs meets our needs. We have presented this to the Canada Insurance Commission of Ontario, pointing out to it that it does not in our case. Under the stabilization program, our representatives made it very clear to the Canadian scene that the present form of stabilization is not really going to help us out of our problem, nor will it help Ontario in the long term. It will help the high-production areas, but not Ontario.

Mr. Pelissero: On the other point, depending on how far down the road they are on stabilization, is it not the point that once a province signs in on a stabilization plan, there is a commitment not to front-load, bottom-load or middle-load, and this is why it is important, if any assistance is going to be forthcoming for the industry, that it be done before the stabilization plan is finalized.

Mr. Davies: Or that the commitment be made for the crop year 1987 and not for the crop year 1988. We could make the point that it would be prior to the 1988 crop year.

Mr. Haggerty: Reading your brief this morning, on page 4 it says, "The honey market report, wholesale prices of retail pack honey have continued to rise, but the beekeepers are not seeing any of the increase." That would indicate you have a marketing problem, would it not? I think there is one indication that you get 40 cents a pound for honey if you sell it by the barrel, am I correct?

Mr. Montoux: Yes.

Mr. Haggerty: If you buy honey in the grocery store, I think you are looking at about \$2.25 or \$2.45 a pound.

Mr. Davies: It is \$2.59.

Mr. Haggerty: That is quite a spread, is it not, \$2.59?

Mr. Davies: We were going to point out to you that in 1983, for instance, the wholesale price of honey was running at about 67 cents a pound. The price in the chain store was \$2.59.

Mr. Haggerty: I know it is expensive.

Mr. Davies: It is 32 cents today and the price is still \$2.59. It is not our packers who are to blame. A \$7-million industry such as the Ontario beekeepers cannot fight those giant chain stores. Again, I mentioned our supply and demand. We have an oversupply, but we cannot get the chain stores or the marketing people to move on it, as they would on any other surplus. In other words, they still keep our facings on our shelves small. They still keep the display area small and they keep the prices very high.

Mr. Montoux: We recognize that problem.

Mr. Haggerty: That is where the problem is. Do you have your own marketing board then, or what?

Mr. Davies: No.

Mr. Haggerty: You do not. Would it be better to move in that area, supply management with marketing boards?

Mr. Davies: When you give us the ability to control the supply from outside the province, we would be delighted.

Mr. Pelissero: On a point of information, the legislation is there if you can convince the rest of Canada to set up a marketing board supply management situation. Once you tend to think of going in that direction, what happens then, whether it is the bees or the honey, is that you have to be very careful of the amount that is going to be coming in because any supply management system recognizes the historical level of imports that were coming in.

If you even start talking about that direction without necessarily having some price supports or other marketing mechanisms in place, you are going to run into some serious difficulty. In order for importers to get a larger percentage—if you close the borders, what will happen is that you will then be in a situation where you have to give them, as part of any supply management plan, a historical share, so they may base it on the last three or five years once a plan comes into place. The last thing you would want to do would be send out that kind of signal and for the next three to five years literally see the honey market flooded in Canada.

Mr. Montoux: One of the inherent problems with honey is its indefinite shelf life and the fact that we are a net exporter of honey here in Canada. So it is difficult for supply management to—

Mr. Haggerty: Where is your biggest market in exports, the United States?

Mr. Montoux: It was traditionally the United States.

Mr. Haggerty: Where is it now?

Mr. Davies: We have a surplus. It is backing up.

Mr. Montoux: It is because of the US policy. Their honey subsidy buyback program that they have down there has effectively stopped exports of honey from Canada into the US market. As a result, that backlog of honey is moving from the western provinces to the market areas in eastern Canada, which is almost dropping our price down to about one half.

Mr. Haggerty: I think you indicated in your brief that one of your problems was that the American honey was subsidized so much that there was no market for it. I was looking at the area that maybe you should challenge it through the free trade agreement, but I do not think you would be too successful in that area. Your problem is marketing. I cannot understand why it is you are selling it at such a low cost and then it ends up in the food market with such an enormous price spread in between.

At that price spread, I think you should be getting more for your labour in this industry, at 40 cents a pound if that is what it is. I even watch in farm magazines that when you buy it wholesale from a producer, the price is well above the 40 cents you have indicated here.

Mr. Montoux: Well, that is barrel lots, 600-pound lots.

Mr. Haggerty: Six hundred pounds.

Mr. Cleary: I listened with interest to this discussion back and forth. Some of my questions have already been answered. You mentioned all the hives that are going out of Ontario. Are there any coming back in from the United States?

Mr. Montoux: We have had our borders closed here in Ontario for disease reasons for the last four years for the importation of bees from anywhere other than New Zealand. Just this summer our provincial government, much to our dismay, allowed bees in from Australia.

Mr. Cleary: The lad that looks after the bees on my farm told me that he had ordered bees from—I thought he said American bees, but it must be from—

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Mr. Montoux: I hope it was not American bees.

Mr. Cleary: I hope so too.

The other thing I want to mention is the pesticide kill. Is that the same all over the province or do you have certain areas where it is greater than others?

Mr. Montoux: Very distinct areas: The gypsy moth spray program areas in the north. Then there is the corn belt, the sweet corn areas of Kent and

Essex, which are heavily hit. There is the Niagara fruit belt area as well. That is why most of the bees have to be moved out of there.

They move them in for the short duration they flower to do the pollination and then they have to be moved out due to the intensive use of pesticides after the blossoms have set. This is why we need a viable commercial beekeeping industry to provide those services, because hobbyists will not do it, and the commercial people are going out of business. The ones who make their livelihood on honey production and beekeeping are the ones who are being most seriously affected by this.

Mr. Chairman: Thank you very much, gentlemen. Somebody up here mentioned it was a very sticky issue and we will try to deal with it very carefully.

Mr. Decker informed me during the course of this presentation that when they opened Egyptian mummies they found honey intact, which goes to the issue of shelf life. We will be writing our report next week and we will send you a copy of it.

The next group, and the final group this morning, is BinojehnuK Endahjik. If you gentlemen will come forward, we have Bob Watts who is a board member, and Melvin Elliott, executive director of BinojehnuK Endahjik. Their presentation is being distributed. Perhaps you can quickly lead us through it or give whatever presentation you wish and then leave yourselves free for some questions.

BINOJEHNUK ENDAHJIK

Mr. Watts: BinojehnuK Endahjik was incorporated as a charitable nonprofit organization in May 1985. The original purpose of the home was to provide a culturally sensitive setting for youth that would complement the on-reserve prevention worker program.

After many attempts to secure funding for this type of setting failed, BinojehnuK Endahjik became licensed by the Ministry of Community and Social Services to operate an open-custody facility for 10 native young offenders and opened its doors to residents in December 1986.

BinojehnuK Endahjik has received support from the southwest chiefs of the Union of Ontario Indians and the Chiefs of Ontario to provide a culturally appropriate home for native young offenders.

Issues: In 1986, the Ministry of Community and Social Services committed to fund six beds at BinojehnuK Endahjik, and later the Ministry of Correctional Services committed to purchase four beds. Because of this initial commitment, we were able to secure funds from the Canada Mortgage and Housing Corp. to cover mortgage costs. An initial commitment from the Ministry of Community and Social Services to fund \$14,000 in startup costs was never received.

In the fiscal year 1987-88, the Ministry of Correctional Services again funded four beds and the Ministry of Community and Social Services funded only two that year. In the fiscal year 1988-89, the Ministry of Correctional Services again funded four beds and the Ministry of Community and Social Services only two. In that year also, the cultural component of our program was cut from \$25,000 to \$5,000.

The Ministry of Community and Social Services has stated on many occasions that there is no statistical basis for funding more than two beds. This runs contrary to statistics provided by native court workers, the children's aid societies and band councils. When the Ministry of Community and Social Services has been asked to provide statistics on the number of native young offenders in Ontario, we have been met, first, by a reluctance to provide statistics, second, differing and contradictory statistics, and third, rumours of a secret set of statistics not available to us.

Because of our philosophy, we do not discriminate against potential residents on the basis of crime. As such, we have had residents who have come to us with histories of arson, assault, prostitution, adoption breakdown and residents who will not be accepted at any other open-custody facility. Many of our residents should be classified as hard-to-serve and should qualify our home for special needs funding. However, this is not happening.

We are therefore at the mercy of the provincial directors for referrals, and the same people, it would appear, determine our funding structure. We submit that if the will existed to ensure that 10 beds at Binojehnuh Endahjik were filled at all times, they would be. We are underutilized, because it would appear the provincial directors see fit to keep it that way.

This is in complete contradiction with chapter 10 of the Child and Family Services Act, which calls for the placement of native children in culturally appropriate settings. The referral process also appears to be in contradiction with Ontario's corporate policy, which states, "...the government's endorsement of a proactive developmental approach by all ministries in assisting native peoples to achieve greater self-reliance."

We are concerned that the political will that caused chapter 10 of the Child and Family Services Act, Ontario's corporate policies to aboriginal peoples and the province's support of native institutions is not understood by provincial bureaucrats. This is evidenced by the number of native group homes that have been funded to fail. Indeed, the province recognizes that it is not financially viable to operate Binojehnuh Endahjik at six beds, but yet does nothing to upgrade our funding, despite enormous numbers of native young offenders in this province.

Despite the fact that we have the support of the South-West Chiefs of the Union of Ontario Indians and from the Chiefs of Ontario, we are caught in a bureaucratic web of districts. It does not appear that the districts of the Ministry of Community and Social Services and the districts of the Ministry of Correctional Services match up, and we are told we can only take referrals from a 100-mile radius of the home. At times, we are called from outside of the 100-mile radius, interest is expressed in referring a resident to us, but the referral is turned down. This rule seems to have no implication where secure custody is concerned, and Indian children are often transferred several hundreds of miles.

There is no dedication of resources to ensure that linkages are established between native-specific agencies to ensure the best placement of children.

Children's aid societies are not allowed to make referrals to our home, except through probation orders to reside and with the concurrence of the provincial director. This, at times, leaves the child with the only alternative being to break the law in order to ensure an appropriate

placement. Many children's aid societies recognize the unique and special nature of our home. We want to know what prevents them from referring to us.

Because of the philosophy of BinojehnuK Endahjik, education is considered of utmost importance. We presently have a section 16 school, which operates on an annual budget of \$56,000 to pay for a teacher and some supplies. Out of our already limited budget, we pay for the rental of a portable, maintenance and one staff member.

Rumours have come to us about the potential closing down of our school, despite the fact that the Minister of Education (Mr. Ward) was pleasantly surprised at how well our school functioned, and our student-to-teacher ratio is higher than the provincial average for section 16 schools and higher than the provincial average of students to teacher in special education classes.

The native community branch has withheld funding of a traditional crafts and language program, largely because of the Ministry of Community and Social Services. This ministry made inferences about the home's continued existence because it was under evaluation; meanwhile, it was the board of directors of BinojehnuK Endahjik which called for the evaluation. The end result is that our residents suffer, because no program dollars are coming from the native community branch, despite the fact that a native community branch consultant recommended we be funded.

Recommendations:

1. That BinojehnuK Endahjik be funded at a level of eight beds, with two beds to be funded on an ad hoc basis;

2. That the cultural component of our program be restored to \$25,000 plus cost of living allowance, in recognition of the importance and uniqueness of our home;

3. That BinojehnuK Endahjik be funded for a full-time liaison-cultural program officer position. This person would ensure all referral sources knew about our program and would assist other agencies and homes that have native youth to understand native people and would help those youths to understand themselves;

4. That the province set up an office dedicated to ensuring native youth receive appropriate referrals in the system. This office would be made aware of the number of native youths in the system and where culturally appropriate vacancies existed to assist the youths, and would facilitate communication between native-specific agencies;

5. That the province should offer its long-term commitment to the concept of culturally specific programs for natives;

6. That it should ensure the funding of our section 16 school is commensurate to the provincial average of student-to-teacher ratio and not on the maximum number of residents at our home;

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7. To amend Ministry of Community and Social Services' policy to allow children's aid society referrals to be sent to BinojehnuK Endahjik where it is agreed to by the local CAS, the child, the parent or parents and BinojehnuK Endahjik.

8. To increase the Ministry of Correctional Service's per diem from \$90 per bed day to \$160 per bed day, which will complement what the Ministry of Community and Social Services is already funding.

9. To make available current statistics on native young offenders, the method of identifying natives, definition of regions and districts, the formula to determine allocation of beds per region and district, the criteria for budget allocations and approval level in the bureaucracy and definitions of "special needs" and "hard to serve."

10. To implement provincial corporate policy regarding natives at the local level to ensure consistency and a more productive working relationship.

We did not come here today to take pot-shots at the provincial government. We came here because we care about our children and we feel that by working together we can affect change.

Although we are aware of many larger issues regarding natives and the justice system and natives and children's aid societies, we choose not to comment on them. Our issues are real. Our recommendations are sound and can be implemented today. We are willing to consult, negotiate, evaluate, but we desire change: Change that will improve the lives of our native youth; change that will last and be felt for many generations. We ask only that you have that same desire and the willingness to see that it happens.

Mr. Chairman: Thank you very much. This is a very specific proposal. Have you met with the Minister of Community and Social Services or the Minister of Correctional Services?

Mr. Elliott: Your question again was?

Mr. Chairman: Have you met with the actual ministers themselves concerning your concerns? For instance, you talk about the Minister of Education, I guess, having been at your school, yet you are hearing rumours from the bureaucracy, I presume, that you may have your funding cut off. Have you sought ministerial intervention from Mr. Sweeney, Mr. Ramsay or whomever?

Mr. Elliott: No, not in regard to this part itself. We have had ongoing discussions with the ministries at the regional level. By that, we mean Waterloo in our case. Every time we sit down we get the same answers of putting us off into another direction, and we are asking for specifics.

It has recently come to our attention that in the case of a section 16 school, because when we first negotiated the original contract with the Ministry of Education we had 10 beds, we had 10 children, it agreed to fund the section 16 as long as our ratio did not come down below eight.

Again, we went into a negotiation and we said, "Okay, because the ministry is decreasing their committed funding, we are now going to have six beds committed." With a joint meeting between the two ministries involved and the board of education and the board of directors of Binojehnuik Endahjik, they agreed to stay at six provided that we do not stay below six for long periods of time.

We have no control over whether there are six there or not. I could have seven there one day and then two could leave in the middle of the night, so I

am caught with two less. That criterion is very detrimental to us in meeting with the Ministry of Education's guidelines.

Mr. Chairman: It makes it hard to budget and it also makes it hard to carry out your programs in those circumstances.

Mr. Elliott: Yes, it does.

Mr. Haggerty: I was concerned about your comments in regard to the native young offenders. You do have a program now, do you? Is it a question about funding?

Mr. Elliott: Yes.

Mr. Haggerty: How serious a problem is it?

Mr. Elliott: I guess, first of all, I could respond—

Mr. Haggerty: Because you move from four to six and you could go higher.

Mr. Elliott: Yes. We are a facility that can house 10 clients. We have a licence that says we are licensed for 10.

Mr. Haggerty: So you have a group home?

Mr. Elliott: Yes.

Mr. Haggerty: For 10?

Mr. Elliott: Yes.

Mr. Haggerty: But they will only provide funds for four, six or which is it?

Mr. Elliott: Six.

Mr. Haggerty: Is it filled all the time?

Mr. Elliott: Right now, we are above the bed ratio.

Mr. Haggerty: Above it?

Mr. Elliott: Yes.

Mr. Haggerty: And there is no funding for that. What happens to the youngsters if they are put back into the mainstream? You might say that they are put there for assistance and rehabilitation.

Mr. Elliott: I am afraid I do not follow you.

Mr. Haggerty: I am talking about these young offenders. If they have served some time in a detention centre and go back home or go back to a group home for rehabilitation purposes, and there is not enough accommodation there for them, where do they go? What happens to these youngsters?

Mr. Watts: I think they end up going wherever there is space

available for them. The provincial director would have at his fingertips where there is space available and they would be sent there.

Our argument is that, in most cases, it is not a culturally appropriate place for those native young offenders to be sent. When we would have four empty beds at our place, why are they not being used and why are these kids being sent somewhere else?

Mr. Haggerty: That is the message I got there. There were empty beds there, but they would not permit you to bring any additional youngsters in there. But it is a problem, is it? You have not been able to look after your own people in a sense.

Mr. Watts: It is definitely a problem. It is a problem with the chiefs. It is a problem with prevention workers on reserves who do not understand why we are not being utilized to the fullest extent and then it becomes a problem for the entire operation. The provincial bureaucrats who liaise with us have said time and time again that they do not see how it is financially viable for us to be able to stay open with six beds and be funded at six beds, yet there is no attempt made to bring us up to the level where we should be. The kids are out there; there is no question that the kids are out there.

Mr. Haggerty: I was looking at the name. The address is Chesley, Ontario. There is a reserve that is up around Southampton, up in that area. Am I correct?

Mr. Watts: Yes. There are two reserves in that area.

Mr. Haggerty: Two reserves. Is Chesley a reserve in that area?

Mr. Watts: There is not a reserve there, but the kids are sent to Chesley.

Mr. Haggerty: Yes.

Mr. Watts: I deal occasionally with a home that we are able to locate there. The bush lots around the area seem like an ideal—

Mr. Haggerty: You will be about 30 or 40 miles from the reserve.

Mr. Chairman: These youngsters would be sent to other settings, likely farther away from any reserves and simply any secure setting where they find a bed. The criterion does not take into account any cultural concerns at all, I take it?

Mr. Watts: No, it does not appear to.

Mr. Chairman: Of course, that is the case with the general population as well, but it may be that this should be dealt with differently.

Mr. Morin-Strom: Thank you for the presentation. I think it illustrates for us a concrete example of the types of problems that native organizations and bands are facing in terms of trying to deliver services themselves to their own people. As a member from northern Ontario, I know that there are very serious problems in delivering all types of services to the native community in the north.

In fact, recently we were on a health tour across northern Ontario in terms of the health care services and many of the other social services that impact on health care as well. There is a real desire to be able to deliver the services within the native community. When we have a facility like this one established in the province, I cannot understand why the province is not making full utilization of it. I am sure, as you state, it could be utilized to a much greater extent than it is.

In terms of these kinds of open- and closed-custody units as well, in many areas of the province there is a real difficulty in getting them established.

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Again, I know in my own community of Sault Ste. Marie, we have a serious problem in getting approvals to get the facilities established so that the service can be delivered locally to young offenders who really should be kept in their home communities near their families. When you have a facility that is being underutilized, it seems to me there is a real problem.

I wonder if you know how many of these types of homes have been established specifically for and by the native community in the province, whether there are others and whether they may be facing problems similar to yours.

Mr. Elliott: I guess I could answer that. I am aware of three group homes. We call them group homes, however depending on who is funding them, they could be called a cultural resource centre, a community resource centre or a wilderness camp.

Recently, in Hamilton, I attended a director's meeting on open custody, and there was someone there from Red Lake. He is classified as a community resource person and he is strictly correctional, whereas our own home deals with two ministries, open custody.

There is one home in Moosonee, Appitaskwat. It is not designed as open custody, but it deals more with bands where the child really has not got into trouble yet. It is at a preventive level.

There is one home in North Bay, Meequwam. It is designed just as an open-custody program but accepts native youth.

I guess while I am on that, I will explain a little about Binojehnuh Endahjik. We are designed to implement and restore the native identity to our youngsters, which in turn points out, through the use of our elders, it is a lifestyle that we recognize. Our programs are not clearly marked out as behavioural management, as you may well be aware of with other agencies. Instead, we deal with that in a holistic approach.

Our staff are native people. We also have non-native people. We deal with all components of alcoholism and drugs and explain to our youth: "You can still maintain your heritage and function in a non-native society. Be proud of who you are." A lot of our youngsters have had multiple placements, and I can only quote a few of them who have expressed and said: "I have finally been accepted as a person. I am not always being degraded as a criminal or a bum."

It is true that they find with us, because we view ourselves as the extended family—we talk about the 100-mile radius. There is no radius to us,

as people. We do not have walls around our home. Yet it is an open-custody setting, and we are required by the ministries involved to keep our runaway ratio low. You cannot. You have no closed setting. It is a process that has been determined by someone else to place them in open custody. That determination had already been made, that they are not an absent-without-leave risk, so they come to us, and as you know, any child who is removed from his home already faces a problem to himself; he wants to be at home.

Dealing with youngsters, it could be a lot of things that trigger them off in order for them to run. He could get a letter from home or there could be a letter from his sister because of separation and, without thinking, he just is not worried about the additional two months he may get as long as he gets the sense that he is returning home for a while.

Some of them are not so fortunate because of adoption breakdowns. I know of a boy who will coming to our home after three months. Because the adoption breakdown occurred and he had nowhere to go to visit, they kept him in secure. I offered. I said, "I will be the parent, if that is what it takes for him to get a terminal release for a few days out of secure." He is finally coming to BinojehnuK Endahjik, within the next two weeks.

Those are just some examples of what we are trying to do. I am trying to bridge a gap. Do not be mad at the system because it broke down; try to mend that; try to understand.

Mr. Morin-Strom: I will just say that as a committee, I hope that we can help to facilitate the opportunity for this organization to make a direct representation to the two ministers involved and their senior officials, so that we can see the full utilization of this service, which I certainly believe is needed and should be encouraged within the native community.

Mr. Chairman: I think you are right. I will undertake to bring this to the attention of the ministers involved, including Mr. Scott. Probably his ministry should be co-ordinating this. It is a good example, to us as a finance committee, of where sometimes interministerial activity breaks down because of different priorities of different ministries. It obviously becomes a bit of a morass for you.

Mr. Mackenzie: Your first recommendation is that you be funded at the level of eight beds with two to be funded on an ad hoc basis. You are saying that you have 10 beds. The funding was based on eight. Exactly what do you mean by an ad hoc basis? Just when used or what?

Mr. Watts: Yes, that would be on a per diem type of thing, as it is utilized. I think, as a board, we are kicking around the idea of what we should put as a recommendation. We felt that, with the resistance we have had, it might be too hard to ask to be funded on the basis of 10 beds. We know we can operate if we are funded at eight beds and we are sure the other two beds will be filled on an as-needed type of basis, but we need the eight-bed type of core funding in order to keep our doors open.

Mr. Mackenzie: So that is the minimum; it is not that you do not believe that the use would be there if you had the ten-bed funding?

Mr. Watts: Exactly.

Mr. Mackenzie: That is why I wondered why you had done it this way.

Mr. Watts: We are kind of shy, I guess.

Mr. Chairman: Mrs. Cunningham.

Mr. Haggerty: Just on that part—

Mr. Chairman: Is is a supplementary?

Mr. Haggerty: No, just on your letter, I think the letter should come not only from the chairman, but from all the committee members.

Mr. Chairman: All right. It would certainly add more weight.

Mr. Haggerty: That is right.

Mr. Chairman: If everyone is in agreement?

Mrs. Cunningham: I think it is too bad that you have to come to this kind of committee and draw attention at this level to get your problems solved. There are many issues. The licensing itself for 10—is your licence still issued for 10? Is that what it reads, the one that is posted?

Mr. Watts: Yes.

Mrs. Cunningham: That in itself, if you are licensed for 10, usually tells the board of directors that your funding is for 10. So we have an issue there.

The unavailability of statistics is, I think, something that you should really bring to the attention of the minister, Mr. Chairman, because all of us need that kind of information to make good decisions. That is a problem, I think. Perhaps it could be quickly resolved.

I understand your problems with referrals. I have visited a couple of other open-custody institutions around Metropolitan Toronto. As the critic for Community and Social Services, I have gone out to visit—first, to learn more and, second, to be helpful if I can—and that does seem to be a real problem in the field and in the profession. If someone does not think they want the children there, he does not refer them. Yet you admit that the children's aid society does recognize the individual character of your particular program, so that must be of great concern.

The residency one is all over Ontario. There do not seem to be any special—and there should be, I think—rules for special programs. Once you go one mile outside the boundary, they say you should not go to this home, you should go to another. You do have a very special clientele. I am sure, Mr. Chairman, that the problems here could be resolved very quickly if you would even make a phone call and open up the doors for these gentlemen to meet with the Minister of Community and Social Services (Mr. Sweeney).

I really do have great confidence in that minister and I think he will help you solve your problems. That is not to say that the area office of the ministry will not be a little bit disappointed that it came this route, because it will, but perhaps everybody is interested in solving the problem. I am sure the chairman or your own member would be helpful, if you were to contact your member as well.

Mr. Chairman: They will adjust, I am sure. I will undertake to do

that, so we will be in touch shortly. I hope we can be as helpful as Mrs. Cunningham has predicted. Thank you very much for your presentation.

Mr. Watts: Thank you. Let me say, in closing, that we were not sure if this was the most appropriate place to present our concerns. We have tried to have them listened to, using other avenues, without any success. We appreciate the committee's time and the responses we have had. Thank you again.

Mr. Chairman: It was helpful to us too, so we are grateful you came. Thank you. We will adjourn now until 1:30.

The committee recessed at 12:21 p.m.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PREBUDGET CONSULTATION

WEDNESDAY, MARCH 8, 1989

Afternoon Sitting



STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

CHAIRMAN: Cooke, David R. (Kitchener L)

VICE-CHAIRMAN: Pelissero, Harry E. (Lincoln L)

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Morin-Strom, Karl E. (Sault Ste. Marie NDP)

Pope, Alan W. (Cochrane South PC)

Substitutions:

Collins, Shirley (Wentworth East L) for Ms. Hart

Cordiano, Joseph (Lawrence L) for Mr. Ferraro

Cunningham, Dianne E. (London North PC) for Mr. Pope

Jackson, Cameron (Burlington South PC) for Mr. McCague

Clerk: Decker, Todd

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From Persons United for Self-Help in Ontario:

Batty, Jonathan, Provincial Co-ordinator

Arsenault, Francine, President

From the Ontario Road Builders' Association:

Ryan, Arthur, Executive Director

McArthur, Leo, President, Miller Paving Ltd.

Smallman, Lee, President

Blenkarn, Dave, First Vice-President

From the Ontario Association of Professional Social Workers:

Cullen, Doreen, Vice-President, Social Policy

Stewart, Malcolm, Executive Director

Lee, Jean, Chair, Social Assistance Review Committee Task Force

From the Ontario Women's Action Coalition:

Broad, Gayle, Steering Committee

Kitchen, Dr. Brigitte, Steering Committee

Holmwood, Kit, Steering Committee

From the Toronto South Presbytery, United Church of Canada:

Eagle, Joyce

Lissanan, Frances

Coombs, Frances

Varey, Douglas

Boundy, Winifred

McLeod, Dr. Bruce, Past Moderator, United Church of Canada

Nodwell, Jessie

Gedraitis, Albert

Aberle, Shawn

From the Ontario Natural Gas Association:

Pinnington, Paul E., President

Anderson, James R., Vice-President, Finance, Union Gas Ltd.

Valiquette, Charlene, Vice-President, Finance and Administration, ICG
Utilities (Ontario) Ltd.

AFTERNOON SITTING

The committee resumed at 1:33 p.m.

Mr. Chairman: I think we had better start. The members are aware that we are running on a very tight schedule and I presume they will join us shortly. We did break rather late for lunch and this may be the reason that they are not here.

This is a meeting of the standing committee on finance and economic affairs of the Ontario Legislature and we are in the process of listening to submissions from members of the public and organizations as to what the next provincial budget of the province should entail. This is a process that is now in its third year of operation, and we hope to write a report next week to the Treasurer. I expect some time, likely in early May, he will bring down a budget which will have some influence from this committee.

We are going to be listening to a number of presentations in half-hour segments, and this afternoon we have Persons United for Self-Help in Ontario, or PUSH, followed by the Ontario Road Builders' Association, the Ontario Association of Professional Social Workers, the Ontario Women's Action Coalition, the Toronto South Presbytery of the United Church of Canada and the Ontario Natural Gas Association.

To start, we have the Persons United for Self-Help in Ontario, or PUSH, with Francine Arsenault, the president, and Jonathan Batty, the provincial co-ordinator. Welcome to the committee. The next half hour is yours. If you leave us some time to ask you questions, we would appreciate it.

Yes, Mr. Haggerty.

Mr. Haggerty: Is there a brief?

Mr. Chairman: No, it is a verbal presentation. Go ahead.

PERSONS UNITED FOR SELF-HELP IN ONTARIO

Ms. Arsenault: Thank you very much for this opportunity to speak to you. I should tell you first of all that Persons United for Self-Help in Ontario is a volunteer-based organization of disabled persons.

After the International Year of Disabled Persons in 1981, 14 people who were disabled got together in Kingston, Ontario, and decided that if we were going to continue that kind of momentum, we had to form an umbrella group across the province that would raise issues and continue to have public awareness.

In the spring of 1982, we held a conference in Kingston and decided that the organization would be called PUSH Ontario, or Persons United for Self-Help in Ontario. We agreed that each region of Ontario, and we had divided Ontario into six regions, would hold an annual general meeting that would concern all the disabled persons in those communities. Organizations of disabled persons and individuals, families and friends and relatives of disabled persons were invited as well.

At those annual general meetings, 10 persons would be elected to a regional board. Of those 10 persons, two people would be chosen to go to the provincial board. Those 12 people formed the provincial board, and from that,

two people were chosen to go to our national level, which is the Coalition of Provincial Organizations of the Handicapped, and one person from each province went to Disabled Peoples International.

We therefore had an organization that went from the grass-roots to the United Nations. We are able to bring issues at a local level and discuss them. If we cannot deal with them there, we take it to the next level and the next and the next, so that regardless of the problems, they get dealt with, information is obtained that is needed and, hopefully, the network has been successful over the last seven or eight years.

At this time, we have all read Mr. Thomson's Transitions report. We were a part of the self-review itself; a number of our members sat on the review committee.

We decided today the best thing we could do to broaden your knowledge and help our position was to bring some of the points forward that people have called us about and said are a priority for them. We have a quick list of five or six main points, and we thought that if we went into a little detail about those points, it might help you understand why these are important to disabled persons.

Point 1 was the vocational rehabilitation services issue. We have asked in recommendation 13 that greater funding be given so that we can reduce the waiting list and allow people on family benefits to access the program.

Right now it is very difficult, particularly if you are over 40 and become disabled, to get on the list at all to get rehab training. They figure it is not worth the money to train you for another job if you are 40; they sort of will not get the money back out of you eventually. That is very, very detrimental to somebody who has had a lifetime of work and suddenly becomes disabled.

We did discussion papers with workers' compensation and worked very closely with other disabled persons who may get diabetes and have to have their legs amputated or something. They are still very capable of working and the fact they are not retrained is very detrimental.

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Away-from-home accommodations should be paid for disabled persons on the vocational rehabilitation services program. Right now if you are on a training program and you have to go to another city to be trained, you have to pay the cost of staying in that city while you get the training. If you are on a disability pension, that is almost impossible. It is very difficult to arrange.

We have asked that eligibility for social assistance for disabled persons be lowered to 16 from 18, because we see that an awful lot of people are in need of that help at 16, ahead of the time we had listed before.

I know most of you will not be aware that if two disabled people want to get married, it is considered that they are one unit and so their costs are cut. We would like the social assistance review to consider the fact that these are individual people and their pension should be accorded to an individual. In many cases, disabled persons end up living together and not getting married because they cannot afford to get married. We do not think they should have to do that if they do not want to. They should not be punished for wanting to be married.

I think the same applies to a family with a disabled child. The income of the entire family is looked at rather than the necessity of cost for the individual. In a way, the same thing applies there. You have to look at the individual person's needs when you are recommending a pension for them rather than the total family income.

Point three is assets. People with disabilities have to be allowed to build savings and retain inheritances, for example, at levels above the current ceiling; that is in recommendations 30 to 39 in Transitions. Right now we know disabled persons whose families are getting older. For instance, I know a 55-year-old woman with cerebral palsy whose mother just died but could not leave the inheritance to her, even though she is quite capable of handling the money. She would have been taken off her pension. Instead, this woman has to go to her sister who has been named a guardian even though she really does not need a guardian. They have had to do it that way so her pension will not be cut off. She has to go to her sister and say, "Can I have some of my money?" When you think about it, would you like to do that? Disabled persons do not like to feel dependent. They do not feel like they are in control of their lives if they have to do that.

Point four is family benefits. Guaranteed annual income system for the disabled recipients, that is us, disabled persons, should receive the same support as guaranteed annual income system for the aged recipients, senior citizens. Right now they do not. In 1974 they did, but for some reason, over the last 10 years that has not happened. They separated; they started to be looked at as separate issues. Gradually things are being included back again, but we are still not up to the Gains-A level. We suggest it would be helpful if you could do that. I believe that is recommendation 62.

Point five is work incentives. This is the time when good things become bad things. We, in Canada, are very fortunate that we have pensions, but often the pension becomes a disincentive for a disabled person to be independent. If a disabled person is on a pension and they want to work, they are only allowed to earn a certain level on part-time work. Anything above \$150, I think it is, they start to get their pension cut.

If disabled people have enough courage to get off their disability pension and try to work on their own, they have to make above \$10 an hour, because they have to cover the subsidized costs of their housing, drug benefits, the extra cost of the equipment they need. We are suggesting that low-income workers should be eligible for welfare benefits even though they are working. It would be great if they had a drug card and could continue to work and not have to pay those extra costs of disability. I believe that is recommendation 92.

I will give Jonathan an opportunity now to cover some of the other areas. We have another three or four issues we would like to bring forward.

Mr. Batty: One of the things I think it is important for the community and the Legislature to remember is that we have before us an absolutely super report in the public domain in Transitions. It is a tremendous document to focus discussion and interest on actions that all levels of government can pursue to make sure that social assistance becomes not a safety net, but a trampoline, as many people have said, to get people back working or living in the community.

Because, of course, Thomson and the Social Assistance Review Committee were working under a time limit, they were not necessarily able to address

this in as great depth as perhaps would be the optimum. So we have full confidence in the report, but there are a few other areas that we think are tremendously important to have the government consider in its budgetary creation.

The first one has to be the extension of drug benefits to people with low incomes who have high drug costs. As you will all know, the government is already looking at this. The Lowy commission is currently examining this very issue. In fact, Ms. Arsenault and I appeared before that commission, as well, to address some of the problems that people with disabilities have with the current drug benefit plan in Ontario and the provision of drug coverage.

Certainly, the commission is more than happy to hear that sort of input, but its bottom line answer has to be: "We're only the commission that recommends. You have to get the government to spend in these areas." So we are here to talk, in part, about drug costs, too. As Transitions has noted, as people in the community have noted and, as I know everyone here will be aware, there is a real notch effect that happens if you earn a level of income just above the social assistance level. If you are not on, say, family benefits or welfare benefits and you are out independently working, you are suddenly cut off from a huge variety of programs and subsidies.

One of the most critical for disabled people has to be drug costs because if you are looking at a population—for instance, in this case, people with disabilities—you will see that this is a group of people who have, in comparison with the rest of the population, a huge drug bill for drug costs. Not all these items are, for instance, covered under the current drug formulary.

There has been some movement recently. For example, there has been movement in the area of people with cystic fibrosis and coverage for a number of their costs, but there are still a tremendous number of groups of people with various ailments out there who are not covered under drug costs. If you are looking at getting people back out into the community, either if it is just working or living, you have to ensure that they are able to do it at a level which does not force them to live below the basic level of social assistance.

So that is a very important thing to keep in mind. I know the costs of health care in Ontario are staggering and that sometimes it is easy to flinch when you see the percentage of the budget which is eaten by health care costs, but there has to be a recognition that you have to move in these areas, as well.

It is very difficult, for instance, in our situation in our office, to deal with the number of phone calls we have from people who say: "My income is so much. I have these drug costs. They are not covered. What should I do?" It is a tremendously frustrating situation to be in, because giving the answer "We don't have an answer for you" is the honest truth. I think it is very difficult for people and for a community to deal with the fact that there is reluctance or perhaps that there has been hesitation in the past to cover such concrete expenses as drug costs.

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Another issue of tremendous importance to the entire community in Ontario is housing. I know that Metropolitan Toronto and numerous other metropolitan areas in Ontario, and certainly northern and rural areas, eastern

Ontario, south-central and southwestern Ontario all feel there is a tremendous need for increased and improved publicly assisted housing.

We know the Ministry of Housing and, for instance, the Ministry of Municipal Affairs are looking at developing the housing stock for all Ontarians. But again, we are here to say that tied in with any money that goes to those areas, there has to be a recognition that housing stock has to be made available to people with disabilities, whether they are specially designed units or moneys in the housing authority budgets for reasonable accommodations.

Here in Metro Toronto it is almost nightmarish for their disability advisory committee to have to decide, "Are we going to put grab bars in this year or are we going to put in special blinking fire alarms for people who are hearing-impaired?" I would not envy them in making that sort of decision.

This is the area where the provincial government can say, "Look, guys," or anybody, "you have to put in X amount of your budget to make sure you can make housing accessible for people." That is tremendously important because, as there is a drive in Ontario to have people move out of institutions, the trick is to catch them and have them in the community, not to move from big institutions to little institutions and not to have them move from institutions to anyone who will take them out in the community. The option has to be the opportunity to live independently, and that is why there has got to be movement in an area as basic as housing.

A third area to which it is absolutely crucial that there be greater money devoted is the assistive devices program in Ontario. I know the government has recognized that the program is in need of revamping and greater support. Certainly there has been movement in some of these areas. But the feeling one gets in the community and from talking to a great number of people with disabilities is that progress has been slow. When you are looking at assistive devices, for people who are able-bodied, sometimes even the phrase "assistive devices" can be misleading, because they are not assistive; they are necessary devices. Even if a device is tremendously expensive, for instance, there is a need for it.

For instance, if we look at the case of hearing aids, there are a variety of hearing aids out there on the market and it is understandable that someone who has a hearing disability wants the best device available. Our opinion is, "If you are asking for the Cadillac of hearing aid devices—if that's what you need so that you can function fully—then that is what you should get."

That is why the assistive devices program really has to receive some greater financial input. Certainly, that is what was promised in the 1987 election campaign by the Liberal Party and that is how disabled people out there measure the government's progress. So I would stress that the assistive devices program is something that really has to have a fair injection of funds into it.

As the clock brings us to a close and we have touched a number of points, we finally also have to bring up the integrated homemaker program. I know this has been an area which has captured great public attention and government attention.

Our organization cannot stress enough the need for this type of program to exist in Ontario. I talked earlier about deinstitutionalization. If Ontario

wants to have people who are seniors or people with disabilities living in their communities, living in their homes, then the province has to be prepared to foot the bill for those costs. They are expensive and, again, pricetags might seem ominous, but this is where as a whole community we have to make the choices about how we want our society to function.

I have talked about deinstitutionalization. A program like the integrated homemaker program aids in deinstitutionalization because it lets people exist independently in their towns, cities, local communities. If the government, for instance, finds that it does not like the way the current program works, perhaps because it is not a publicly run program—it is funded publicly, but it is run by the Red Cross—rather than just cut off the Red Cross from that money, the government in our opinion really has to be prepared to come up with a better substitute for that program.

That is something that is being decided right now. The decisions that are made right now are going to have an impact on the next generation in Ontario. So I would like to leave these specific policy points and areas with you.

By way of closing—and perhaps Mrs. Arsenault would add to this—as a lump sum, this report and some of the things I have outlined are very, very expensive. Our job is to come before you and say what we need. Your job, I hope, is to find out where you can get the money to implement these programs. One of the things I think has to happen, not only here in Ontario but in Canada as well, is that we have got to measure economic performance and government performance in ways other than by just the straight fiscal report.

Certainly the government of Ontario has produced a very useful and informative guide, the Economic Outlook and Fiscal Review. But apart from just the pure economics, there has got to be that other half to policy, which is the people side, the social policy side, which rates Ontario as a performing community in terms of looking after its citizens.

Governments all across the country take great pride in rating themselves one against the other in terms of, for instance, the dollar value of subsidies they have per capita for people. Rather than looking at the dollar figures, it is so important to look at the people figures, people who are out there living in the community and who have full and dignified existences and live in communities which care.

I know of late there have been several high-profile people—for instance, Conrad Black—who have come forward arguing for welfare reform, opportunity planning and getting people back to work. But there also has to be a bottom-line recognition that there will always be people who will not be able to work, for whatever reason, but who none the less are entitled to a full and dignified life.

That is how we feel Ontario should be gearing its efforts in this area to make sure that it hits that bottom line.

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Mr. Mackenzie: I admire your determination and your good humour, particularly in the light of what progress we have made in this particular area. Obviously, your determination shows in driving your points home. But given the presentation we had a year ago, which was excellent, on many of these same topics and also the progress that has been made, or has not been

made, I guess, in terms of employment for many people who have a variety of handicaps or disabilities, are you satisfied that you are getting somewhere?

Ms. Arsenault: I think we are moving ahead. I think our job is just to monitor and make sure we continue in that vein. We are always emphasizing that while these kinds of decisions are being made, disabled persons die. Sometimes they are not able to hang in there long enough.

Jonathan and I are fairly lucky in that we are boisterous and on the go, but not everybody has that opportunity. It is not only good management to move ahead; for disabled persons, it is a necessity that things move ahead a little faster than usual.

In the case of assistive devices, we are pleased that there have been promises made of things that will come forward. We recognize, because a number of our people sit on advisory councils to assistive devices, some of the problems they are meeting. We have emphasized again and again the importance of the Minister of Education (Mr. Ward), the Minister of Community and Social Services (Mr. Sweeney) and the Minister of Health (Mrs. Caplan) working together so that some of the grey spots and loopholes that were in the system before will be eradicated. That applies to getting assistive devices; if the Minister of Community and Social Services does not work hand in hand with the Minister of Health, those assistive devices do not get out.

We recognize that there is a lack of specialists who have to clarify what the devices are. There are not enough audiologists, so the Minister of Education has to broaden the area of training specialists. They all do have to work hand in hand, and if money were given to them with the idea of their liaising together, I think it would be more effective.

Mr. Mackenzie: My problem is—and there are times when I honestly think I have been around this place too long, even though it has been only 13 years—the same arguments were being made eight and 10 years ago, almost identical to what we are getting here today, some of the issues you have raised. The same arguments were being made in terms of employment, and the figures do not change. That is what concerns me.

Ms. Arsenault: The thing I can say in defence is, for me, it is a little bit positive. Instead of waiting two years for a wheelchair, now you wait eight months.

Mr. Mackenzie: Well, that is progress.

Ms. Arsenault: It is progress.

Mr. Mackenzie: You might take a look at whatever we are able to recommend again this year and then match it against the results, and maybe you will be inclined to get a little bit angry next year.

Mr. Chairman: Mrs. Cunningham has a teeny-weeny question.

Mrs. Cunningham: Just an observation. First of all, thank you very much. As the Progressive Conservative critic, your association has been most helpful, and I appreciate it, in underlining some of the real concerns.

Other groups have mentioned to us that one of the real, positive aspects of the SARC report is that it recommended heavily in attitudinal ways.

Just to be a little more positive here at the end, I think it has been true that members of the public are looking at this particular blueprint differently than they have over decades in the past. I just wonder if you would respond there.

Ms. Arsenault: It seems to me that the whole social assistance program that was set up was for veterans of war, from the beginning. It was for people who were considered needed to be kept home and looked after. Disabled persons now are looking to independent lives in which they will have control of their own lives. Therefore, we have to change the system to deal with those new circumstances. I think it is happening.

Mr. Chairman: Thank you very much for your presentation. I have a whole page of notes here, and I am sure others do as well. We will be writing our report next week and releasing it some time later this month.

Ms. Arsenault: Excellent. Thank you very much for your time.

Mr. Chairman: We now have the Ontario Road Builders' Association, an organization we have listened to in each of the last two years. As I recall, we have adopted some of your suggestions, particularly last year. Mr. Smallman, the president; Mr. Blenkarn, the first vice-president, and Mr. Ryan, the executive director, welcome.

We are trying to keep to a half-hour schedule, gentlemen, and we would appreciate it if you could perhaps lead us a little bit in your brief, which is being distributed, and then leave some time for some questions. Perhaps you could identify yourselves, particularly for the television camera people so that they will know whose name to put under you as you are speaking.

ONTARIO ROAD BUILDERS' ASSOCIATION

Mr. Ryan: I am Arthur Ryan. I am the executive director of the Ontario Road Builders' Association.

Mr. Smallman: I am Lee Smallman, the president of the association. I hope the cameras can stand the glare.

Mr. Blenkarn: I am David Blenkarn. I am first vice-president of the association.

Mr. McArthur: My name is Leo McArthur. I am the second vice-president of the Ontario Road Builders' Association.

Mr. Ryan: What we would like to do, Mr. Chairman, with your concurrence, is read the brief to you and then answer the questions.

Mr. Chairman: Great.

Mr. Ryan: The Ontario Road Builders' Association represents virtually all the major firms involved in constructing and maintaining Ontario's provincial highways and municipal roads. Comprising more than 160 companies in over 50 communities across Ontario, our members represent a large, labour-intensive industry working in an area that has a substantial impact on the economic viability of the province. We welcome this opportunity to present our very serious concerns and trust our comments will be useful to the standing committee on finance and economic affairs as it reports its recommendations to the Legislature.

Economic development: Ontario is entering its seventh consecutive year of economic growth. The current economic expansion has continued without interruption for the past six years. In both output and employment terms, Ontario has experienced higher growth than any of the major industrialized countries. Factors contributing to Ontario's attractiveness as a location for investment include favourable labour and energy costs, productivity, a well-educated labour force and an efficient public infrastructure led by a comprehensive provincial highway and roads system.

With the reality of the Canada-United States trade agreement, it is more important than ever that our manufacturers and commercial facilities have access to direct, uncongested, well-maintained roads.

The current implementation of the federal government's new Transport Act and Ontario's amendments to its own similar legislation will make further demands on our road network as more and more out-of-province trucking firms operate within Ontario. It is apparent that a transportation network system second to none is required to support the increased business spending and exports which are expected to play a leading role in the province's economic growth.

The need: Expenditures on roads in the province have not kept pace with the needs. Road budgets are falling behind in relative terms compared to other provincial expenditures—and we have attached appendices A and B, which give you a breakdown by department and by comparison with other ministries within the government—and in terms of what is required to keep Ontario's road network at an optimum level.

The Ministry of Transportation is responsible for funding most of Ontario's roads. In the last 17 years, its slice of the total Ontario budgetary expenditures shrank from 13.5 per cent to 5.2 per cent. At the same time, there has been a tremendous increase in road usage.

Today, road systems are carrying far more cars and more heavier trucks. During the last two decades, vehicle registrations have increased by a staggering 72 per cent. In 1970, there were just over three million vehicles on the road. By 1985, this figure was well over five million. Today, it is probably closer to six million. These higher volumes of vehicular traffic are accelerating the deterioration of our road system and creating traffic congestion.

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The list of public and private agencies that have submitted briefs and petitions to both the provincial and federal governments outlining the need and the seriousness of the situation is virtually becoming endless. The following are just a few of those bodies: the Association of Municipalities of Ontario; The Road Information Program of Canada, TRIP; the Municipal Engineers Association; the Roads and Transportation Association of Canada; the Better Roads Coalition; the Canadian Construction Association, and the Ontario Good Roads Association.

To this list has recently been added the Metropolitan Toronto Roads Movement study, which forecasts an 80 per cent increase in commercial vehicle movement in greater Toronto over the next decade, with a tremendous increase in congestion unless major additions are made to the capacity of the road system.

The ever-increasing publicity citing the economic cost of an inadequate transportation network has now made these facts self-evident, and as we presented them to your committee last year, we have not listed them again in our submission today.

Our Concern: We believe the government realizes the need, but we do not believe sufficient priority is given to the need when available resources are allocated. In the 1987 budget, an enrichment of \$290 million was provided, through to 1990, for spending on roads and highways and for ongoing service improvements and capital expansions of the provincial and municipal transit systems. In the 1988 budget, a funding increase of \$100 million was announced for roads and highways.

These announced enrichment programs should have resulted in significantly more funding increases than have been reflected in the current construction program. Funding is not flowing through to construction and this gives us cause for concern. The Treasurer (Mr. Nixon) announced in mid-December of this year that money available for municipal road grants in 1989 will be held essentially at the same level as in 1988. Obviously, the enrichment programs have been shelved.

It would seem that other provinces faced with much more severe restraints than Ontario are managing to address the problem and commit specific funding to meet the need. To give you an example, Quebec has announced a 10-year, \$1.6-billion program to upgrade the infrastructure in the Montreal area alone. British Columbia has announced an infrastructure renewal program of \$7 billion over the next 10 years. New Brunswick has committed to four-laning of the Trans-Canada Highway, financed through a dedicated fuel tax and with hope for federal participation. Nova Scotia is pressuring the federal government for funding to twin a 40-kilometre section of the Trans-Canada Highway.

The federal Minister of Transport, Benoît Bouchard, has stated his willingness to work with the provinces to rebuild and expand the nation's highways and roads. He acknowledges that the provinces cannot afford to fund the program themselves. If Ontario is to retain its leadership role in maintaining both economic growth and quality of life, it is essential that the government make some long-term commitments, seek federal participation and develop some creative funding techniques. Other provinces are addressing the problem; why not Ontario?

Mr. Chairman: Thank you very much. Before we entertain questions, I would like to introduce Denise Lamontagne, who is clerk of La Commission des affaires sociales of the Quebec National Assembly. She is here for the week to observe our procedures. I guess it is two weeks. Welcome to our committee.

Mr. Mackenzie: I am trying to remember from last year whether you included in your presentation any suggestions for additional revenue raising.

Mr. Ryan: We did mention it at that time. One of our suggestions, not so much a recommendation was, as we mention in this brief—we talked about creative funding. We felt the legislators should perhaps be looking at dedicated funding. We had some concerns with that inasmuch as in the following budget there was a sort of half-reference to dedicated funding and there was an extra \$100 million announced, which was generated by an increase of one cent a litre, but it was read in such a way that it was not specifically dedicated for roads. Our major concern today is there is a public perception

out there that moneys have been allocated for roads, and they just have not flown through into the construction programs.

Mr. Mackenzie: I raise it only because a recurring theme we have mentioned to a number of groups is that the reaction we have had from the Treasurer—understandably, whether I agree with him or not—is that everybody is before the committee with his shopping list and no one is suggesting ways and means of raising additional funds.

I am not sure if some of the groups feel it is their chore or not, but I am increasingly coming to the opinion that delegations before the committee are probably more effective if they combine some of their needs with suggestions they may have in terms of what the Treasurer could look at in the budget of Ontario. I wanted to raise that with you more as an observation, I guess, than a question. I had been trying to remember whether you actually made suggestions. I thought you had last year.

Mr. Smallman: If I may respond to that, you basically talked us into that last year, I believe. You brought up that subject last year and we did agree that dedicated funding was probably one of the things that would have to be looked at and that we would support that kind of concept.

Mr. Jackson: On that theme, I happen to be a bit of an advocate of dedicated revenues in certain areas. I guess the first budget I was subjected to as a member of the Legislature since I was elected in 1985 was the Liberal government's first budget. I recall when the ad valorem tax was removed on gas when it was at its very highest point. We all know the Treasurer netted several millions of dollars of additional tax revenue because it was no longer floating. His answers to the questions in the House were, "We wanted to make more commitments." He used the words "long-term infrastructure," "renewal" and "rebuilding of our road system." So the concept of dedicated revenues really started with the Treasurer's response, in my opinion.

I will ask, as my first question, if you get a sense of that in terms of the kinds of responses the Treasurer has given to questions about his justifiable need for tax increases in each of his last budgets. Do you get that sense, that he was talking about it but not coming out and saying that?

Mr. Ryan: Without appearing to be too cynical about it, there was always an intimation in the last couple of presentations the Treasurer made to us, when we have spoken to him, that perhaps he would be looking at some form of dedicated funding. Our problem, as we mention in the brief, is that even now the last \$100 million was sort of semidedicated. It was not actually dedicated; it just went into general funds. We support dedicated funding.

Mr. Jackson: I want to ask you a couple of more quick questions. If we look at the compounding effect of some of the urban problems of growth and accelerated depreciation of our infrastructures, roads are right in there with our sewer lines, our water mains and our rapid transit systems. They form a whole body of services that work well to help accommodate the tremendous growth in Ontario.

When we look at growth-related tax revenue, revenue that is a direct function of increased commercial activity such as gas and the land transfer tax, when there are more homes being built in an area the government picks up more and more revenues, but we now have to get the people moved from where they were into these new growth areas. There are several people at this table who come from outside the Toronto area but are close enough to have a lot of

specific needs and concerns about infrastructure renewal, primarily roads. So we know the pressure points.

My concern is that some of this money, rather than flowing back into the process of road renewal, is going off to other political and social program agendas.

Mr. Ryan: Very much so.

Mr. Jackson: What your figures show us is that the rate of transfer is decreasing at probably the same rate at which the crisis is getting worse. It becomes a sort of bad management decision because if the costs of repairing roads go to the point where you cannot repair them any more, you are going to have to tear them up and replace them. Therefore, is anybody in Ontario looking at a study? Can you direct this committee to a study where the ministry has a point where we can no longer repair that road, where it went too far and the road now has to be torn up down to the bed and replaced?

That is a legitimate question. We would not let the roof at the library of the University of Toronto go so far that it destroyed all the books, because you can clearly evidence that, but with a road it is a lot more technically difficult. But there is a point where you cannot just repair it and maintain it; it gets worse. Who is studying that to make sure that five or 10 years from now, with this direction, we do not get into a much larger problem? That is what we are told is the problem with our sewer mains and our water mains. We are told it is not at a critical point with roads, but we are getting there very rapidly.

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Mr. Ryan: As far as the roads are concerned, specifically roads and highways, all those studies are being performed on a daily basis by the Ministry of Transportation itself. They have every road and every highway system in the province categorized as in poor, fair or good condition.

When we talk about roads, we are talking about municipal roads, and when we talk about highways, we are talking about specific provincial authority. Statistically, more than 50 per cent of all the road systems throughout the province are below acceptable conditions. That is proved by studies that have been made by the The Road Information Program of Canada. Information from that program is actually got from the ministry itself.

They will concur with that. The problem with the Ministry of Transportation has consistently been that it acknowledges the problem, but the funds are not available or the funds are not being allocated by the Treasury.

Mr. Jackson: Mr. Cordiano will want to ask the same question, but I was not quite asking that. I know they are studying it. I am asking whether there is a point where somebody can say, independently, that if we go beyond a certain point, a road is going to have to be torn up completely. You give me a general statement that we are behind schedule. That is in your brief. I am asking a more critical question in terms of a point of no return in terms of allowing things to depreciate. Are we a year from that, three years from that?

I know the Minister of the Environment (Mr. Bradley) has done that kind of analysis with respect to the municipal-industrial strategy for abatement

program. I am just trying to ask if we have some sort of parallel tracking mechanism for roads.

Mr. Chairman: You have one last shot at it, Mr. Ryan.

Mr. Ryan: I do not know of any agency that has made that kind of study. I think our members here, as contractors and engineers themselves, could answer fairly specifically at what point it passes that critical line. That is on a highway-to-highway basis, not for the roads.

Mr. Smallman: I do not think the Ministry of Transportation people themselves have been asked that question in that way, Mr. Jackson, but they do have that information. Unfortunately, it varies from road to road, so you cannot make a specific statement. That kind of question could be answered for your own staff.

Mr. Jackson: That is what this committee has the power to do, to go and ask. We may wish to do that.

Mr. Cordiano: Can I ask a supplementary? It relates to what you were saying. You have your brochure which indicates certain figures, such as what number of provincial highways are considered in fair or poor condition, so you have some sense of that.

Mr. Ryan: Yes.

Mr. Cordiano: It is fair to say that these things do not happen overnight. Certainly it is a long-term problem we face here. You point out, "Thirty-three per cent of provincial highway systems will deteriorate to fair or poor condition." For how long, would you say, has that occurred? Has it been over the last number of years or 10 years or what?

Mr. Ryan: That is an ongoing situation. Every year, the ministry updates the statistics on a highway-by-highway basis.

Mr. Cordiano: But what I am asking is, how long would it have taken for the fair or poor condition to have been met? Obviously, it is over a number of years. I would say, as you point out, that it is something in the order of a decade or five years or seven years, something like that, right?

Mr. Ryan: Yes.

Mr. Cordiano: That is all I wanted to clarify.

Mr. Jackson: My final question has to do with the notion of this accelerated growth putting more pressure on where we set our priorities. Not in the last audit, but in the one prior, the Provincial Auditor devoted considerable attention to the Ministry of Transportation and its spending and offered some suggestions. Without going through the report, he said there was some inappropriate priority setting.

Of course, I feel there are certain northern roads that are not getting their attention because we allocate money on a regional basis. Certainly, there is the Highway 403 bypass that hits Mississauga. This committee listened to a whole presentation about Highway 407. It is easier for me to get from Queen's Park to the Ford plant than it is for me to get from the Ford plant

into Burlington because of that. We are told that is 15 years away from being addressed.

This committee might be in a position to re-examine the notion of the way in which we prioritize the limited dollars that are available to us. Could you comment on Mr. Archer's suggestions to the ministry and add anything to those points, because that is clearly an area this committee could look at, and may wish to, next week?

Mr. Smallman: There are a couple of points in answer to that. One, there is a long lead time to get projects into construction. From conception to construction is now close to seven years with the environmental studies and all the rest of it. There is not that much on the shelves. As you can see from the second addition to our brief, from 1980 till now there has been a three per cent increase and the dollars just have not been there to put the backlog of engineering and planning in place. There is not that much really to prioritize. We need funds if we are going to prioritize something. You have to have something to look at.

Mr. Haggerty: I was looking at appendix 1. I notice the substantial increase in percentage points. From 1980 to 1988, it is 195 per cent. That is on the GO Transit system. In municipal transit, it is a 164.2 per cent increase. That is substantial in that area. Would that include the purchase of buses for transportation?

Mr. Ryan: Yes. This is all Ministry of Transportation funding itself and this is the allocation it makes to the municipalities. The municipalities will take the funding from the province and then presumably they would add their own cash flows to that to buy some of the buses. I am not sure whether it is 100 per cent funding.

Mr. Haggerty: It seems apparent then that the infrastructure in this area has increased considerably, but meanwhile on the other side of the ledger, the municipal road structures and some of the provincial highways are not being maintained properly.

Mr. Ryan: That is exactly right. In that particular schedule you are looking at, our prime concern is under provincial highways in section 1, that third item down: capital and construction. The figure at the end of 1988-89, \$276 million: That is our concern. There is a 9.1 per cent increase from 1980. That is the actual funding for the provincial highways that come under the jurisdiction of the ministry.

Mr. Haggerty: That would probably take in the Burlington Skyway, building the new bridge and retrofitting the other bridge.

Mr. Ryan: That is exactly right.

Mr. Haggerty: That cost about \$100 million, I guess.

Mr. Ryan: That was a \$30 million-odd project in itself. That was built, I think, in 1986 or so. That is a further emphasis of how that funding—

Mr. Haggerty: I was just hoping that in this area maybe more funding will be spent in the Niagara region to upgrade our road system, particularly the Queen Elizabeth Way. As much as we see the extra asphalt that has been put on in certain places, that road is in one poor condition. It will not even handle the present traffic, particularly in the peak traffic times. I am sure

my colleague the member for Wentworth East (Ms. Collins) would bear that out. Someplace along the line, we have to see some improvements in that area. I do not know. Somebody mentioned here that—

Mr. Chairman: Do you have another question, Mr. Haggerty?

Mr. Haggerty: Yes.

Mr. Chairman: You might mention that that actually went down from 1982 to 1986 and that the total provincial highway spending went down from 1982 to 1985. Anyway, go ahead, Mr. Haggerty.

Mr. Haggerty: I was thinking of the method used in the United States, particularly when you are dealing with the infrastructure, keeping up the bridges and building new bridges, and I can see that perhaps if we continue this way, two or three years down the road everything is going to be on replacement of existing structures of that nature.

I travel the Gardiner Expressway. I am no engineer, but I can tell you that the condition of the cement and the bearing points on that road right now is going to require additional funding in that area. I do not know if there is going to be anything left for the rest of the province or whether it is all going to be spent within the Metropolitan Toronto area. That is my problem. I think the committee should be looking at it and saying, "Let's spread a little bit more of this around throughout the province or increase the roads expenditure." That is what is required.

Mr. Ryan: The basic premise of our whole brief is that some of the other provinces are addressing the problem.

Mr. Haggerty: That is right.

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Mr. Ryan: You have to look at it on a long-term basis, which we are not doing here. Every other province of any significance in the country has acknowledged the fact it has a problem and is developing a long-term program, which we do not. We cannot, under the present funding structure. Even in the best economy in the world, we are not meeting the need, so we have to do something different. I think it is not that difficult to do if you establish a long-term, 10-year program. The funding is available, whether it is through dedicated funding, whether it is through capital—

Mr. Haggerty: When you say dedicated funding, you are talking about debenturing for a period of what, 10 years or something like that, using pension funds?

Interjection: Fuel tax.

Mr. Ryan: The sewer and watermain system is capitalized—

Interjections.

Mr. Chairman: Mr. Ryan has the floor.

Mr. Ryan: There are methods of capitalizing that kind of an investment, and it does not even affect the budgetary deficit. We are talking about a capital investment. Everybody else, every other bookkeeping method,

every company, when they are spending money on fixed assets, they capitalize it and it becomes part of the capital investment. It does not affect the bottom line. Ontario—every government—does it the same way. They expense every item they spend.

It is not something where we are going out and spending money; it is protecting what we have. There is a \$23-billion investment in infrastructure. Are we just going to let it rot and say, "We can't do anything because we have a deficit problem"? It can be handled in such a way that it will not affect the deficit. It will be a long-term investment and it will be for the good of the whole of the province.

Mr. Haggerty: My colleague mentions about travelling the Queen Elizabeth Way from Oakville trying to get into Burlington. I go through that a couple of times a week too. Driving conditions can be hazardous, as you say. If you get the least little bit of snow or heavy traffic, you see more accidents in that area. Maybe we should be looking at—

Mr. Chairman: Your question was to do with Metro Toronto versus—

Mr. Haggerty: My question was that we should be building or improving the road conditions and reducing the number of accidents. In the long run, there would be savings even in insurance premiums.

Mr. Chairman: Mr. Morin—Strom, then Mrs. Cunningham and Ms. Collins. We have only a few minutes left.

Mr. Morin—Strom: Thank you, gentlemen, for your presentation. I think the data that you have provided here in terms of the distribution of the spending of the Ministry of Transportation really exhibit why we are into the problem that even the government members we have are expounding upon at length in terms of the hole it is digging for itself in terms of the highway system we have in the province.

I just cannot understand how we can have a Ministry of Transportation which over the last eight years has increased its total budget by 70 per cent, but the amount of spending it has actually done in terms of capital and construction on the highways has gone up by only nine per cent. The inflation rate has probably gone up by something on the order of that 70 per cent. We have all these other categories where the spending has gone up considerably, but from the figures, the highways, frankly, are obviously being starved for funds and undoubtedly this is why our highway system is deteriorating. We are not getting the improvements that I think we are feeling in terms of our own constituents and people right across the province who feel that the highway system in Ontario just is not keeping up with the needs of the province.

As a matter of fact, down in the last category here, we have administration, policy planning and research, air and communications—that great, big administrative area has gone up by 62 per cent. That category, which usually should be a small percentage of your budget, has gone up by as many dollars in total as the capital and construction projects, starting on a basis of \$48 million rather than a base of \$250 million. They are putting as much of their increases into administration as they have ever put into capital and construction in the province.

Mr. Chairman: The question is?

Interjections.

Mr. Morin-Strom: I would like to ask a question with respect to one of the major highway systems we have in the province and in the country, the Trans-Canada system. You have mentioned that Nova Scotia and New Brunswick are both moving on four-laning of the Trans-Canada Highway. Have you taken a position on that within Ontario, that issue of four-laning the Trans-Canada Highway, and have you seen any indication that there is a time frame from this government to move on it?

Mr. Ryan: No. We support it in principle but it is a tremendous investment. We know it is a \$2-billion to \$3-billion investment just on that one project itself.

The problem we have is that there is no federal participation in any part of the Trans-Canada Highway in Ontario. There is literally no federal participation in any highway in Ontario except for some of the northern roads which are forestry or Indian lands. There never has been. When the highways were initially built, Ontario elected to look after its own maintenance.

What we are saying now is that literally every other province in the nation is going to the federal government and asking for funding for the federal highways and Ontario is not. We have talked to the minister and the minister says he has spoken to Mr. Bouchard or he is going to speak to Mr. Bouchard, but we have never seen anything specifically where there has been a meeting or where there is a program laid down and a specific request made by this province to the federal government to help fund that highway. And every other province is there. If you do not ask, you do not get.

Mrs. Cunningham: It is good to see all of you. I extend greetings from one of my colleagues, Al McLean. It is nice to see some advocates here for the roads and the people in Ontario who have to travel along them. For those of you who complain about travelling in from Burlington and Oakville, I should tell you what it is like to drive in from London.

Mr. Jackson: But it takes me just as long.

Mrs. Cunningham: No, I would argue that. I can tell you exactly how long it takes and so can my car. The most frustrating part about the trip, speaking as a taxpayer—

Mr. Chairman: Are you asking a question?

Mrs. Cunningham: Yes—is the fact that from time to time one sees the same sections of road ripped up. It looks as if there is no kind of plan at all. I am wondering if that has anything to do with the long-term planning you are talking about, because it really does look like mismanagement on someone's part; we would not want to say the government of Ontario, but maybe that is it. The citizens are quite frustrated at seeing a section of highway that appears to have been repaired just ripped up because a bridge has to be built or something. Can you speak to that? That is what the citizens are concerned about.

Mr. Ryan: I do not think it is our place to give a profound commentary on the planning of the Ministry of Transportation. They are doing the best they can with a Band-Aid approach to the problem, I would suspect, and if they had the funds they might be able to develop a plan.

Mrs. Cunningham: Which therefore relates back to this long-term plan and the commitments of the other two provinces we have looked at over a

10-year period. The best we have done is a three-year plan, at least in the research I have looked at. You can respond to that as well.

Mr. Ryan: This particular government talked about a five-year plan about three years ago; actually, the Ministry of Transportation talked about a five-year plan. We have not seen any development on that front, obviously.

Mrs. Cunningham: I did a little homework on my preparation knowing you were going to be here today. The other question I have is with regard to a statement you made in your own brief, which I was not sure would be here at all, on page 4. I am wondering if you would expand upon it just a little.

You are responding in a positive way to two enrichment programs, of \$290 million in 1987 for the three-year plan, whichever way you look at it, and then in 1988, another increase of some \$100 million. Then, in the very last paragraph on page 4, this is the statement I would like you to respond to:

"These announced enrichment programs should have resulted in significantly more funding increases than have been reflected in the current construction program." One would think that with some \$400 million that would be true, but you are saying, "Funding is not flowing through to construction and this gives us cause for concern."

Mr. Ryan: Yes.

Mrs. Cunningham: If it is money for highways, and the public certainly thinks it is with all the announcements of the Liberal government, where is it going if it is not resulting in construction?

Mr. Ryan: This is one of our major concerns. That \$290-million enrichment program was broken down over three years: 1987, 1988 and 1989. We have a specific breakdown on an annual basis of how much of that funding should have translated into roads.

Specifically on those amounts, there was \$35 million in each year that was to go to the provincial highways. There was \$48 million to go to municipal roads in each of those years and the balance was to go to municipal transit.

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If you look at the comparison of the figures we show here, you will see that just taking a normal inflationary increase of four per cent or five per cent in both the funding for the provincial highways and the funding for the municipalities does not make them even come close to anything like those figures. That is the first point.

The second point was that there was an announcement of the \$100 million in 1988. We did a more detailed analysis of that \$100 million and, quite frankly, it was largely smoke and mirrors. That \$100 million was part of the original announcement of the \$290 million the year before, except for very marginal increases.

We have not seen any part of that reflected in the construction program. We say that \$100 million has just not materialized and the \$290 million—when the Treasurer (Mr. R. F. Nixon) announced, as he did in December 1988, that there would be no increases in any funding whatsoever for the municipalities—just go into the projection of the \$290 million—there should have been an increase of \$48 million to municipalities alone for 1989. He has

already announced there will be no increase whatsoever in the 1989 program. So immediately this \$48 million has not come by the boards. They are specific figures.

Mrs. Cunningham: That is not a very happy answer to my question and I hope that you will be looking into that.

Mr. Chairman: But it is an answer.

Mrs. Cunningham: But not a good one for yourself. I hope that out of this, you will take those concerns to the minister responsible. I am aware of those reannouncements in my own portfolios, but I was not in this particular one, and this has given us an opportunity to look at it.

I think it is misleading the public, but if the money is truly there, maybe you can find out how we could make it be realized into the building of roads. The public is concerned.

Ms. Collins: I happen to be from a riding where we will have a highway under construction, the north-south east-west expressway in Hamilton Wentworth. I also have the Queen Elizabeth Way, which has recently been fixed up, in my riding. I guess it is on its way down to Windsor.

Mrs. Cunningham: And all the way to London, I hope.

Ms. Collins: Wrong direction.

Ms. Collins: I want to ask you about the federal participation, because in your brief you mention that many of the provinces are pressing the federal government or hoping for federal participation. It seems to me there was a proposal a few years ago for an infrastructure of renewal programs where all three levels of government would participate. I take it that would include roadways as well. Could you tell me what has happened to that proposal?

Mr. Ryan: That was a proposal developed by the Canadian municipalities throughout the nation, for which they said there was a \$16-billion requirement to be spent over three years. They recommended that the federal government, the provincial government and the municipalities should share on the basis of \$5 billion each to meet that need.

The federal government initially said that there was no way it had that kind of funding. The initial reaction of the provincial governments, not just our government but throughout the provinces, was that they could not contribute \$5 billion on a provincial basis. So basically the thing fell by the board, but it is still out there. The need is there but it has not been addressed by anybody simply because the feds said they really did not have that kind of money available.

Ms. Collins: I take it though that some of the provinces were willing to get into it.

Mr. Ryan: Some of the provinces have done more, exactly.

Ms. Collins: I think Ontario said it would get into it to a certain degree if the feds would participate.

Mr. Ryan: That is right. Some of the others provinces have said the same thing, but they have each sort of made excuses of some sort.

One of the initial reactions to that was that if the federal government would not participate in the \$5 billion, why do not the provincial government and the municipalities at least try to address the problem in some part and use the moneys they have available?

Mr. Chairman: This has been a love-in basically, as most of the members of the committee would try to outdo you in stating your case, so I do not think you need to worry, there is some sympathy for your case in the committee.

The next group is the Ontario Association of Professional Social Workers. We have Jean Lee, the chairman of the SARC task force, Doreen Cullen, vice-president for social policy, and Malcolm Stewart, executive director.

Their brief has been distributed and is in front of the members. Perhaps you could identify yourselves, then lead us through your brief briefly and hopefully leave lots of time for questions. As you have observed, this committee loves to ask questions.

ONTARIO ASSOCIATION OF PROFESSIONAL SOCIAL WORKERS

Ms. Cullen: Thank you. I am Doreen Cullen and I am the vice-president of the Ontario Association of Professional Social Workers. As vice-president, I relate to our social policy and social action activity, so I am here in that capacity. In my paid job, I am executive director of Catholic charities of the Archdiocese of Toronto. We have many agencies which are affected by this problem.

To my left is Jean Lee, a medical social worker, who, as you noted, has chaired a task force we set up on the Social Assistance Review Committee report. To my right is Malcolm Stewart, executive director of our association.

I am going to tell you a little bit about our association, and then turn it over to our executive director and to Jean to review with you the issues which are in our brief and also to give you some concrete examples.

The OAPSW is the association of professional social workers in Ontario. We have over 4,000 members holding doctorate, master of arts and bachelor of arts degrees in social work. Our members serve the poor, both the working poor and the recipients of social assistance, and work in a variety of fields: children's aid societies, mental health programs, family service agencies, multicultural services, the social assistance field itself, programs serving the disabled, corrections, schools, employment services, hospitals of all types and many other programs.

Because of our experience and our backgrounds, we have expertise in understanding individual human needs and helping families, disadvantaged groups and communities. We also bring expertise in social policy planning and administration. We are here today because we want to urge this committee to support increased funding for social assistance, in line with the recommendations of the Social Assistance Review Committee report, Transitions.

I want to turn this over to Malcolm Stewart, our executive director, to speak more directly to the issues in the report.

Mr. Stewart: It has often been said that the measure of a society is the way it treats its least fortunate members. We are here today to advocate on behalf of some of Ontario's least fortunate citizens, those in receipt of

social assistance known as general welfare assistance or family benefits assistance and those with very low incomes from employment, otherwise commonly called the working poor.

The plight of these disadvantaged citizens has been thoroughly documented in Transitions, the SARC report. Many common myths about what we have come to know as welfare have been put to rest by that committee in a very capable manner.

Ontario's present social assistance's so-called security net has deteriorated to the point that recipients are regularly turning to food banks and charity for survival. They are often discouraged from accepting employment because of complex rules and the virtual impossibility of meeting everyday needs through low-wage jobs. Those who do hold such jobs find their incomes falling further and further behind in relation to the cost of living; this while the rest of us enjoy prosperity and economic growth.

Social assistance reform is long overdue. It is a question of social values and priorities. The Transitions report has shown how the system can be reformed to maximize its effectiveness in helping people escape from the cycle of poverty and helping them to participate in our economic prosperity.

We know that you have been presented with volumes of economic facts and statistics during your hearings. We would like to help put a human face on those statistics by sharing with you some case examples provided by our members.

Ms. Lee: I would like to share with you that I work down the street from you here at Toronto General Hospital. I do medical-social work, and by the nature of Toronto General, I have probably worked with patients from most of your ridings. One of my concerns I would like to share with you is that if I have a patient from Toronto who is on general welfare or family benefits and who needs a particular kind of prosthesis that is not covered by your very generous new assistive devices program, I can call this special assistance program in Toronto, where I can get funding for that particular prosthesis; whereas, if I have to phone the municipality in your particular riding, chances are, because the municipality does not have the same kind of industrial base, it does not have funding to get that prosthesis.

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Transitions suggests that kind of inequality among people who receive social assistance should not continue. So that is one of the recommendations that we are looking forward to.

Then, I would like to introduce you to a family that I have been working with. This is a gentleman who immigrated to Canada a couple of years ago and came here with his family. He had a very good skill, which our immigration department felt would be of benefit to our country, and so he came with his family in great anticipation.

He decided to change jobs, in order to advance himself and his family, and this change in jobs required a medical examination. The doctor was very concerned, because he seemed to be suffering from some kind of anaemia. So they sent him to Toronto General Hospital.

After being with us for two weeks, the doctors told him it was very nice getting to know him; however, he had inoperable, terminal cancer. It was my

task to work with this gentleman and to endeavour to get him on general welfare.

One of the assets that this gentleman has, that he did bring to our country, was three very bright teenaged boys, age 16, 18 and 19. They have all taken to our school system here like ducks to water and are doing very well.

On welfare, this gentleman was offered just enough money to cover his rent for his three-bedroom apartment. For five adults, a three-bedroom apartment, I do not think, is unreasonable. His wife works two days a week at minimum wage. That income was taken into consideration in terms of their offer of welfare. Part of what Transitions does is to take a look at the exorbitant costs of housing here in Ontario; this really needs to be dealt with in terms of the welfare rates.

One of the other kinds of considerations that, again, Transitions deals with is the fact that for you and me having three teenaged boys, one of the things that we would do would be to send them out to work after school. We would certainly want them to continue at school, but we would encourage them to work. However, any kind of income that comes into that family would be considered part of the family income and so would be deducted from their welfare rate. Again, Transitions attempts to deal with that, to encourage young people in a family to get out, to work and try their wings, and to give them encouragement in terms of that, without penalizing them unduly in terms of their ability to go out and try their hand in terms of earned income.

A number of you, I understand, come from rural areas and a couple of you, I think, are farmers. I did not know whether you knew that we consider farmers to be self-employed. Self-employed people are not eligible for general welfare assistance. In the past 10 years, a number of our farmers, who had thought themselves to be quite solid economically, have not found themselves to be so and have had to rethink what they are about. A number of them have actually had to go into bankruptcy. They are not eligible for GWA, although they have been good taxpaying citizens, often for many generations. Again, Transitions deals with that kind of problem.

So, in terms of looking at what this report has done, I think it is to look at some of the inequalities and at how we can encourage people to take time to look at themselves in a point of crisis and to mobilize themselves with help to get beyond; to, in effect, move through a period of transition. Therefore, we would really like to encourage you to give very serious consideration to this whole implementation of this report.

We would like to commend the government in terms of setting up the Social Assistance Review Committee, because I think that has been a very great step forward. What they have done is very thoughtfully listen to the great outpouring that has come from across the province as they visited the various places, listen to the briefs and presentations that have come to them, and through that have made a very comprehensive, progressive and I think very balanced analysis of the social assistance program here in Ontario.

We would like to suggest to you that to fail to make the very considerable and—we acknowledge this—significant increase in allocation that would indicate an ability to begin to implement this program would be a really tragic mistake, both economically and also in terms of investment in the people of Ontario.

We feel very strongly that this is the time, when Ontario's economy is

strong, that it is necessary to make this initial investment in terms of beginning, and this is only a beginning, to implement the kinds of structure and changes the Transitions report is suggesting we should make.

We would be glad to have any questions.

Mr. Mackenzie: In terms of cost, which is one of the things that always gets thrown at us when some major changes are suggested in programs, the SARC study says the initial cost is probably \$600 million, half provincial and half federal. One of the reactions we had early on from the Treasurer was that in fact it might be closer to \$800 million. Groups since have put the figure somewhere in between, but I take it that the program in your opinion is important enough that the first phase of it should go ahead—then, hopefully, the rest of it—regardless of what the costs are.

Ms. Cullen: Absolutely.

Mr. Mackenzie: I think Gordon Cressy yesterday called it an opportunity we may not get again to do something about this situation.

Mr. Stewart: I think that reflects very much our own view. If we do not act now, then this may never happen and I think we will be stuck with a welfare system or a social security system that just gets worse and worse and leaves people farther and farther behind. It is certainly our position that the time to act is now.

Mr. Mackenzie: One other question I have, then. This committee is charged with making recommendations—whether they are followed is another matter—in terms of the next budget to the Treasurer. Does it make any sense to recommend the first phase only of the Transitions program, because that is obviously not the only recommendation that is going to go in the budget, without also taking a rather serious look at housing? I am talking here about speculation on housing, because that is something you can deal with in a budgetary way. If we do not tackle that problem as well, two or three years down the road, even with Transitions, we may be back into the same kind of bind. There is also the other issue Thomson referred to, although in a phased-in way: the adequacy of minimum wages in this province, in other words, some question of redistribution.

Should budgetary aims, as a back-up to this program, not include measures to take some of the profiteering out of flips and housing we have today and also take a serious look at the adequacy of the minimum wage which currently, as you know, does not meet any of the poverty level guidelines?

Mr. Stewart: There is no question that housing is a central problem that needs to be dealt with and is probably feeling the greater part of the difficulty with social assistance rates falling farther and farther behind. We have indicated in our brief the need to address the housing issue on many fronts, not just speculation. I think we also have to look at the whole question of supply of low-income housing and availability of land for building a significant supply of low-income housing. That is central.

The other thing, as you have mentioned, is that it is very important in order to have a more equitable society to look at the minimum wages. We think that is probably a longer-term issue.

The most immediate need is for an increase in rates of social assistance, most of which we understand would be taken up in rents, because

part of the problem now is that most of people's budgets is going into rent and there is very little left for anything else, including getting oneself off welfare.

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Mr. Mackenzie: In other words, if we are to make a serious attempt to seize the opportunity the transition program gives us, the budget should have some direction in terms of combining both an economic and a social policy in Ontario.

Mr. Mackenzie: No question.

Mrs. Cunningham: Thank you for your presentation. I am feeling very optimistic at this point, so I will not ask you about your great concern about the implementation of stage 1 of the report, which I am hoping will just happen, given the kinds of presentations we have had here and I think a very big message from the public to the province.

I would like to take the opportunity to ask you a couple of questions around something that is probably dear to your hearts and that others have not spoken about. That is on pages 7 and 8 of your brief, where you are talking about case loads and workloads and staff training.

The reason I am asking is that without the qualified people and people who are in training to work in the field, I am not certain if we can do the kinds of things, even with the increases in remuneration to our special families. I am not sure whether you have spoken to the Minister of Colleges and Universities, the Minister of Education and the Minister of Skills Development, and I would like you to respond to that as well and let us know what we can do to be of assistance.

Ms. Cullen: I will speak first. I agree with you that is a very important matter, the issue of training and also enabling workers, even those who are trained, to relate to the report, which is very creative in many areas and I think it challenges us to be creative about how we would help people get off welfare and how we can relate differently than the current system. It is not just a quantitative increase in workers.

As you will note in our brief, though, there have been some really impossible workloads on people who are not trained for the job and who are themselves in a way then victimized and unable to help other people. I think these are issues that our professional association and some of our other activities would like to address ourselves to in terms of training, what kind of training and the full use of the range of social workers and professionally trained social service workers.

We have had any discussion as such, I believe, with the Minister of Colleges and Universities, but I think that might be an idea that we could look at within our association, in our hope too that this report will be carried forward. It also challenges us to do that, and to do that without a great increase in the cost of that, to have better-trained workers. I do not know if that answers your question.

Mrs. Cunningham: I would just encourage you strongly, because we are looking at a tremendous shortage, I think. Because of the pressures, people do not stay in the field for a long period of time. We know how many young people are being turned away right now from the colleges and universities because of

the quotas established just in the area of child care alone, and that is a wonderful skill that can help with the families. We are probably looking at young people in the secondary school systems who would love to be in this work in co-operative work programs as early as ages 15, 16 and 17 in order to acquire skills early and become better workers down the road, so I would encourage your group to get involved. Those of us who are now involved need your assistance.

Ms. Cullen: That is a very good suggestion.

Ms. Lee: We are in the process, actually, of doing a brief to the Minister of Community and Social Services (Mr. Sweeney). One of the things we are encouraging him to do is set up a committee that would involve the unions and the schools of social work and the community colleges to look at the whole issue of training, because we feel very strongly, as you do, that this is something that really needs to be looked at, and from the various points of view

Part of what we are really hoping is that we can be a part of the ongoing dialogue as this report does get implemented. We would like to be a part of that and make recommendations, because we feel that training and staffing is very crucial in terms of this whole area.

Mrs. Cunningham: If I may on that point, phase 1 is very important, but without the structural changes—

Ms. Lee: Exactly.

Mrs. Cunningham: —that occur in the other parts, not a whole lot can happen. It is a beginning, and a very important one. I know the committee looked very carefully at just how it did stage the recommendations, but I hope we will see you in other committees.

Ms. Lee: We are ready for the long haul.

Mrs. Cunningham: You are advising those of us who are elected to represent the public. None of us in this committee, no matter what party he or she belongs to, and I stress that, can do it without your help. So, thank you.

Mr. Chairman: I would like to echo what Mrs. Cunningham said. We appreciate very much your bringing these matters to our attention. We have had a lot of input on the Social Assistance Review Committee, as you can well imagine. As I envisage it, if we were to implement the whole of it, some of your profession might have less work.

Ms. Lee: Hopefully.

Mr. Chairman: So, to some extent, you remind us of the dentists when they campaigned to get fluoride in the water supply. We appreciate it.

Mr. Stewart: I am sure we would all be very happy to have, perhaps not less work, but a different type of focus to our work.

Mr. Chairman: Yes. Thank you very much.

The next organization is the Ontario Women's Action Coalition. We have Brigitte Kitchen, Kit Holmwood and Gayle Broad. Mr. Decker is distributing your brief, if you would just make yourselves comfortable and have a seat. We

have about half an hour. Perhaps you could lead us through your brief, if you will, or direct us to whatever issues you wish, initially, and then open yourselves up for questions. We would appreciate it. Could you just identify yourselves particularly for us, please?

ONTARIO WOMEN'S ACTION COALITION

Ms. Broad: My name is Gayle Broad. I am here from Sault Ste. Marie and District Women for Women, which is a member group of the Ontario Women's Action Coalition.

Dr. Kitchen: I am Brigitte Kitchen.

Ms. Holmwood: I am Kit Holmwood.

Mr. Chairman: Fine. Who would like to speak?

Ms. Broad: I will be reading through the brief.

Mr. Chairman: All right.

Ms. Broad: I would like to mention that we take it as a good sign that we are here on International Women's Day to present our brief.

Mr. Chairman: Yes, it is.

Ms. Broad: We are presenting today on behalf of the Ontario Women's Action Coalition, which represents almost 300 women's groups across Ontario. Our coalition was recently formed to address the growing need to evaluate and monitor provincial government policies and activities relating to the women of this province.

We welcome this opportunity to share our views regarding the social and economic priorities which we feel should be reflected in the 1989-90 provincial budget. Although there are many issues affecting women which warrant attention in the budget, we are focusing today primarily on the report of the Social Assistance Review Committee and its implications for the women of Ontario.

To say that women are economically vulnerable is an understatement. The phenomenon known as the feminization of poverty is occurring because women are generally at greater risk of poverty than men. As a result, women are overrepresented among all categories of poor people and, not surprisingly, the children of single-parent families headed by women are five times as likely to be poor as children in two-parent families.

In identifying the feminization of poverty, the Transitions report also focused attention on why women are poor. The reasons they gave include inadequate social assistance rates and child benefits; inadequate support arrangements when marriages dissolve; insufficient help to leave social assistance to take paid employment; no guarantee of child care and other needed supports, and low wages. Although some of these issues are outside the committee's mandate, in the end, they had to be addressed as an integral part of social assistance reform.

The need to address the economic inequality and vulnerability of women has been a major focus of many of our member organizations through their support for pay equity legislation, child care initiatives and funding for

women's services. The SARC report builds on the work already done in these areas and proposes changes to the current system which would, if implemented, make a dramatic difference to the lives of many women in Ontario.

These include immediate increases to social assistance rates, particularly in the area of shelter costs; changes that would make the system less adversarial and demeaning and more equitable and enabling; eliminating financial barriers to self-reliance; improving and expanding employment programs to help women enter or re-enter the workforce; guaranteeing subsidized child care and other supports for sole-support parents; introducing an income supplementation program for the working poor and increasing the minimum wage; harmonizing the public and private support systems to lessen the hardship of women who deal with two systems working at cross purposes, and a children's benefit of \$3,300 a year per child for all parents below a certain income level. This would particularly benefit sole-support women and the working poor, because it would provide for the core income needs of their children.

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Transitions also acknowledges the additional hardships faced by women in northern Ontario. Northern Ontario women are separated by vast distances and a rugged environment which makes travel in the long winter months hazardous at the least and impossible at the worst. Being poor is almost a certainty for any woman living in the north without benefit of a male's income, for the one-industry, resource-based economy provides few opportunities for women to earn more than poverty-level wages.

The needs of northern women cannot be addressed without recognizing as well that there are two northern Ontarios: the larger urban centres of the near north, such as Sudbury, Sault Ste. Marie and Thunder Bay, and the far north of fly-in reserves and small, predominantly native communities. Transitions has recognized the difference between the two sides of northern Ontario and recommends changes that can have a positive impact on both.

The report summarizes the many problems faced by individuals in receipt of social assistance in Ontario, problems which have not gone away since the report was released last September. The system is not likely to improve without the major changes recommended. The following are two examples of real-life situations for individuals who are currently in receipt of social assistance benefits.

In January 1989 the provincial government announced a five per cent increase in social assistance payments. A mother of two living in Sault Ste. Marie quickly calculated her additional income. She had been receiving \$800 per month; with the increase, her monthly cheque would now be \$840. The following month, this mother received notice from her landlord that her rent would be increasing. As her landlord is the Ontario Housing Corp. and she resides in a geared-to-income unit, her rent increase of \$9.80 may not appear to be significant. However, \$10 will buy 17 loaves of bread, the margarine for her family for an entire month or one week's milk supply.

This situation is an example of the irony of our current system. As one arm of the government attempts to increase her income, another arm increases her expenses. The need for greater harmonization between the various systems is one of the issues stressed by the Transitions report.

Another woman with two school-aged children lives on a farm about 90

kilometres from an urban centre. With her spouse gone, she can no longer maintain her independence of the social assistance system. One of a few fortunate rural women, she owns her own car; there are no public transportation systems in much of rural northern Ontario.

She is able to obtain employment in the urban centre, but only on a part-time basis, although full-time work may become available to her as she builds seniority. Earning more than the minimum wage, she no longer qualifies for social assistance, yet she does not make quite enough money to provide her with the dollars needed to keep insurance on the car and buy gas to run it. She must return to social assistance benefits. The changes proposed in Transitions would remove these disincentives to work. As well, receiving the children's benefit would allow this woman to support her children on a part-time salary and keep her farm.

Women and their children, both those in the north and in the rest of Ontario, cannot change their lives unless the desperate poverty enforced by the current social assistance system is ended. The SARC report, as a total package, is being heralded as a blueprint for the kinds of changes needed to accomplish this.

We expect to see action on the stage one reforms reflected in next month's budget. Equally important, we expect a commitment to the restructuring of the social assistance system which Transitions so compellingly shows is needed. The Ontario Women's Action Coalition is looking to the government to demonstrate leadership and political will in ending the feminization of poverty in this province.

Mr. Mackenzie: Does it make sense to your group to have a budget presented in Ontario that only outlines, as most of the budgets do, the economic performance expected in the coming year; in other words, the gross national product, what the inflation is likely to be, what unemployment is likely to be? Should we combine that with a budget that in effect makes two reports?

The other one is what has happened socially, whether we have made any progress in terms of employment for handicapped people, whether we have made any progress in terms of the difference in wages, so that the poor are not still getting poorer and the rich getting richer, and whether we have accomplished any of the goals in terms of housing.

Would it make sense to present a budget that summarized both situations, so that we can do a better comparison of where we are going in Ontario?

Dr. Kitchen: What Transitions, as a report, did was draw our attention to the fact that there really is no separation between economic and social issues, that in the first place economic questions have social repercussions.

I would like to draw attention to the fact that in our brief we have emphasized the need to enable women on social assistance to re-enter the labour market. There we see a very strong connection between labour market policies and a social assistance program. That leads into the whole issue of incentives and disincentives, the example we read out about the woman who had the chance to have a job and to hold her farm if only there were some kind of financial backup she could use.

Mr. Mackenzie: I think your answer is a yes. I asked it for the

reasons you have raised, simply that if we are doing a report card, as we more or less do once a year with the budget and the predictions, it would be much better if this is tied in socially in the report that is made to the Legislature and that the people all see and hear, because then you could tie together the performance in both fields.

I am wondering whether, in recommending budgetary suggestions to the Treasurer, which is part of this committee's job and which, as the chairman will tell you, we are to write next week, we do justice to the problems that have been raised and the recommendations made in the Transitions report if all we deal with is the urgency of that first phase of the report and do not raise the subsequent measures, which most of us agree need to be done. I wonder whether part of the budget should not set some direction in other areas, such as minimum wage, which you have raised, and housing.

Because most of the initial money in Transitions is for shelter costs, my fear is that if we are not doing something that looks at both the supply of housing and the elimination of some of the speculation that has helped to drive the prices up beyond ordinary means, we may be back in the same situation two years down the road.

I guess I am asking whether we should, number one, put the Transitions initial stage implementation but, in those same suggestions for the budget, some other social measures that may solidify the ground a bit if we are able to achieve the first phase?

Ms. Broad: I think it is absolutely essential that we do. If we look back into the late 1960s, some major recommendations came forward in the area of education. The one that seemed to capture the imagination of the Legislature of that time was the idea of open-concept classrooms. Unfortunately, the remainder of the recommendations of that report were not implemented, with the result that eventually we found ourselves with schools that had no walls and teachers who were not trained to work within that system.

Obviously if we are going to call for changes in the system, and I think that is the point Transitions makes over and over again throughout the report, the changes cannot be made without some changes in attitude, in our whole philosophy around the concept of social assistance and what it is there to do.

If we only increase the amount of money that people receive without providing some of the other structural changes and some of the other support services that are recommended in that report, then I think we are going to find ourselves in a continual cycle, of a need to increase the money going into the system over and over again, yet none of the long-term solutions really being found there.

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Mr. Haggerty: Following on Mr. Mackenzie's questioning, I was interested to note that on page 4 of your brief, you use an example, a scenario and talk about living in Sault Ste. Marie and the matter of the Ministry of Community and Social Services providing an increase of about five per cent or somewhere in that area—I forget what it was—and that for the person living in geared-to-income housing, the increase in the rental unit had gone up nearly \$10 a month. The matter had been raised, I think, in other briefs submitted today by the previous groups which were in here. The Ontario Association of Professional Social Workers indicated a similar thought.

If stage one of Transitions were to be accepted by the government, would we not find the same trend that we find in dealing with shelter costs, that if more funding is given in the area of shelter costs to assist those persons in need, the rents could go up considerably? How do we control that? How would you control it? What suggestions do you have in this area? Would it start another spiral of increases in rents?

Ms. Broad: Certainly within subsidized housing it would increase the rents, being that it is geared to income. There is a great advantage to being in subsidized housing in that it takes only a certain percentage of your income.

Mr. Haggerty: But outside of that, what happens?

Ms. Broad: Outside of that?

Mr. Haggerty: Outside of the geared-to-income housing.

Ms. Broad: In the general housing market, you mean?

Mr. Haggerty: Yes, that is what I mean.

Ms. Broad: We do have rent control legislation. There have been some concerns or many concerns expressed about how effective that legislation is, but certainly there is legislation in place that controls the market rents in the private sector.

Mr. Haggerty: In some areas, you might say.

Ms. Broad: Yes.

Mr. Haggerty: But I mean, is there a possibility that you could see that what you gained would be lost in higher rent increases?

Dr. Kitchen: Conceivably, yes, the point the report makes—and that is why the restructuring of the whole system is such an issue—is that you cannot simply increase the benefits without taking other steps to ensure that the adequacy of the standard of living of people in receipt of social assistance is protected. I guess that is the crucial issue: how you do it.

To get back to the original question that we are looking for a budget that addresses both economic and social questions, I would think that that is a primary example of the necessity to tie the two together.

Mr. Chairman: For those people who are standing, I should let you know that we have ordered some more chairs and they should be on their way shortly.

Mr. Jackson: Very briefly, I appreciate the excellence of your brief. It was rather focused on Transitions, but Transitions becomes your point that if you deal with that issue and look at how it structurally impacts upon other areas, then there may be some room for success.

However, what is not in your brief I know is of concern and is of concern to me. I have not had it raised, so I would like to address primarily the issue of target funding in skills development. As an overall budget it has dropped and at least two of the women's access programs have been dropped.

My concern is that when you talk about the feminization of poverty and access points for retraining, we are seeing an increase in the number of civil servants who are women being hired, but that is not our social objective. Our social objective really is to make sure that more women are moved off unemployment and given greater access to training programs.

Perhaps you might comment on that because the cutbacks clearly affects women, and then the next identified group is adult senior men over the age of 55. There are very, very bad statistics in those areas. This is a reversal in three short years from when students were in that category, so there is an acceleration of that.

The other one is family violence with the issue of interval houses. The transition point for a woman who is trying to break the cycle of violence—there is a fixed number of weeks of support for alternative housing and counselling and then that is disrupted and generally the only option is a return to a violent household.

Perhaps you might briefly comment on those two areas because they are funding areas that we are told are underfunded and clearly this committee would like to get a stronger sense of where that priority is for the Ontario Women's Action Coalition. In the interests of time I will try and be as brief as that.

Ms. Holmwood: Perhaps just to address the retraining: We started to address it as part of our point of improving and expanding our employment programs. It is terribly important for women to get the training to go back into the workforce and it is something we do want to see budgetary money put towards.

It is not just to supplement income to help women go back into the workforce; they need training so they can go back into the workforce at above the minimum wage level if possible, so that they can deal with things like child care and basic living that they need. Minimum wage does not allow women to then turn around and to have child care, to be able to raise a family. A majority of our women are single mothers.

Ms. Broad: I would like to comment on that too. The access program that was at our community college ended recently. Again, the reports from the women who had attended that program, and the evaluations completed by the staff in that program had indicated that women who had gone through the access program were indeed returning to college-level programs and were finding employment upon graduation. It has been a mystery to me, and I have not spent a lot of time researching the answer, why that program was cancelled when there appeared to be a good enrolment size to it.

On the other issue that you raised about transition houses and the limited time stay: I think, again, we are faced with looking at crisis and short-term answers for something that is a long-term problem. It is my belief that if the recommendations of Transitions are implemented so that women can, upon leaving a violent relationship, find themselves in a situation where they can support themselves, there is going to be a great change within our whole social structure and the way that women are viewed.

Women have been economically dependent on men traditionally for a long, long time. I think that when that economic dependence ends there is a shift in power in the relationship. We all recognize in this society that power often equals money, and there is certainly going to be a great shifting in that relationship with power.

Mr. Jackson: I have more, Mr. Chairman, but there are other members.

Mr. Chairman: I appreciate that. Thank you very much. There are a couple of other seats up behind Mr. Jackson, if anyone wishes them. Mr. Kozyra?

Mr. Kozyra: I will put my question in the form of an assumption. Let us assume for the moment that the government commits not only to stage one but to all five stages over a period of years that the report recommends, and that that pricetag runs anywhere from \$2 billion to \$4 billion: a very sizeable amount.

Let us also assume that because the total budget year to year is not indefinite—if the money does not come from extra revenue and extra taxation then it must come from somewhere—there would have to be a restructuring of government priorities. Right now there are the big four: health, housing, education and social assistance.

Is the group that you represent committed to helping the government and the Treasury help the groups, in a sense, by being the strong advocates for this if it necessitates cutbacks, or at least holding the line, in some of those other considered priorities such as health, education and housing?

I guess 80 per cent of the groups that come before this committee so far have been speaking in the same direction you have, which makes it fairly obvious that this is becoming one of those top priorities, if not the top priority. What do you do in the restructuring then, when it comes to maybe holding the line or cutting back on the others? Who leads the way there? What kind of assistance can be given there?

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Dr. Kitchen: It is interesting that you give us this question about prioritization for spending. I guess the point we would like to reiterate is that this kind of segmentation and prioritization comes from the division between an economic aspect and a social aspect. Within the social service field in Metropolitan Toronto, the term that is used now is the healthy city concept that came from the World Health Organization. They look at health in a much larger context and they include economic security. If people eat well, their life is less strenuous. If they do not have to worry about where the money for their next meal comes from, they will be healthier.

We are asking that what your committee decide is what should be the most effective entrance point. You could argue that maybe providing people with an adequate income would then have a snowball effect and people would have more health and would make fewer demands on the health system, which, after all, is one of the growing areas, and we would see better educated people who would contribute more to the economy. It was mentioned that even if we raise the minimum wage, we have a tax system in place so that people who receive a higher minimum wage will also pay more taxes. What we are actually asking for is a shifting around of resources that are already within the system.

I would like to stress again that, after all, at the moment you are spending \$2 billion on a system that does not work. The recommendation from all the groups has to be that you have to do something to get rid of this very costly but very ineffective system that is in place right now.

Mr. Morin-Strom: I thank all three of you for the presentation you have made here today. The government is always looking at the problem of

having to raise the funds, as Mr. Kozyra says, or cut other programs in order to pay the cost of this program.

I find it interesting that in the article Linda McQuaig put together for Report on Business Magazine last year, we have detailed here that the tally for deferred taxes of one company alone, Alcan—yesterday we had testimony that in many cases corporations can avoid paying taxes indefinitely as long as they continue to spend more on new plant and equipment—now totals more than \$500 million, more than the pricetag of the Social Assistance Review Committee's recommendation, and that is just one major corporation.

I wonder if you could give us any particular recommendations—we have had some from other groups and maybe you could help us as well—of where you might see opportunities for the government to redistribute tax burdens or generate additional tax revenues to fund the cost of this program in the short term, recognizing that a lot of the testimony we have heard is that in the long run there is going to be tremendous economic benefit from the SARC recommendations.

Ms. Broad: There is no doubt in my mind that implementation of the Transitions report is a radical step. It is a totally different way of viewing the way social services are delivered. I think that if any of us come before you and do not recognize that, we are kidding ourselves and we are trying to kid you.

The report recognizes that in its preamble. It states very clearly that they feel the system as we have it is impossible to tinker with, that we must change the system dramatically. When we talk about changing systems dramatically, we also talk about changing the way we view such things as who pays the price and how we distribute wealth in the country or in the province. We are looking at a very different way of doing things. There is no doubt about it. If anyone has read the Transitions report, I think he must recognize that there is a great difference in the underlying philosophy of the report from what has traditionally been behind the delivery of social services in this province.

The report recognizes the dignity, the value and the integrity of each individual in our society to a decent way of life, a decent way of being able to eat each day without worrying about where you are going to get your food, about a place to live that is decent and that we are not embarrassed to bring our friends into, that we actually have a place to live, a roof over our heads at night and that we do not have to worry about it.

There is no doubt in my mind that the implementation of the report certainly means changes in the way we view where we get the money from. To date, most of our society has been based on the idea that the individual taxpayer is going to foot the bill.

I think that in realistic terms we may be able to look at that again 25 years down the road when we have gone through a generation of individuals who have been treated with dignity and respect, but we are not looking at that right now. We are looking at double-billing, basically. We are going to double-bill for one generation at least until people have grown up in a social fabric, a society that views individuals as deserving respect and dignity, and that is going to cost.

Mr. Chairman: I cannot think of a better way of concluding your presentation and of celebrating International Women's Day. We appreciate very

much your being with us. As I think someone mentioned, we will be writing our report next week and releasing it some time later in the month. We appreciate your input. Thank you.

The next group is the Toronto South presbytery of the United Church of Canada. I understand the spokespeople to be Joyce Eagle, the chairperson of the social issues committee, Frances Lissanan and Douglas Varey. Do you have a written brief?

Mrs. Eagle: Yes. There is a package that was given to each one of you, I think, our brief and a couple of other things.

Mr. Chairman: Was that given to us earlier or—

Mrs. Eagle: It was given to you a few minutes ago.

Mr. Chairman: Oh, then the clerk is probably copying it for us.

Mrs. Eagle: No, there were enough copies for everybody and he said he would give it around to you. I do not know where he is. I gave it to him a while ago.

Mr. Chairman: It is right here. We will have it distributed right now; my apologies. Perhaps you could identify yourselves specifically and then lead us through it.

TORONTO SOUTH PRESBYTERY, UNITED CHURCH OF CANADA

Mrs. Eagle: I would like to introduce us. We are the presentation from the Toronto South presbytery of the United Church. You may wonder where the south presbytery is. If you are not United Church people, you are going to say, "What on earth is that?" Well, we are 37 churches and we go roughly from Bathurst Street to Scarborough, from the lakefront to north of Lawrence Avenue. That is the part of the presbytery, which is part of the Toronto conference.

I would like to say that today the chairperson of conference, Dr. Ken Gallinger, who could not be here, sent his regards and best wishes, and also John Hamilton, chairman of presbytery.

We have here a number of people, some of the 16,000 members who make up the presbytery. I wonder if the United Church people would stand, please. Just to mention a couple, you may notice Dr. Bruce McLeod, a former moderator, and Dr. Howie Mills who is the general secretary of our general council. There are a lot of other people. They are great people. That is why we have an enthusiastic committee.

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Mr. Chairman: Your chairman is a United Church adherent, so you do not need to go any further.

Mrs. Eagle: Great. You should have said that before.

I also would like to introduce the panel we have here: Rev. Douglas Varey who is a United Church minister; Fran Lissanan, a member of the presbytery and our issues committee, and Rev. Frances Coombs, all members of the Toronto South presbytery.

You know, sometimes the information we get is very simple and in front of us. Last night I was saying to somebody, "What on earth do I say to them?" Do you know what they said? They said, "You tell them why you are there, and if you can't tell them why you are there, you shouldn't be there." So I will tell you why we are here and then I will turn it over to the members of our panel.

The reason we are here to represent the United Church and talk about the Social Assistance Review Committee, SARC, is that we have many people who have demonstrated here and many more who feel that this is a vital issue.

You have in front of you, in your package, a list of the motions that were made by the Toronto South presbytery. We, as a committee, took the SARC material to them and said, "We hope you are interested." They took it up and said: "These are the motions we want to pass. We want you to go down. We want you to talk about it." So that is one reason why we are here.

The second is that I am completely amazed, and we all are, at the ground swell of interest in the SARC report. It is ecumenical. It is through groups all over the city. In London and all over the province, Good Friday has been set aside for a day of fasting and prayer with the SARC report being the centre. There is a great deal of prayer and concern about this. That is another reason we are here.

Another reason we are here is that the United Church went on record a couple of years ago in bringing a brief and saying, "We are ready to help." We are ready to help because we think it is a vital report. We think it is a crisis situation and we are ready to help. It is a landmark report. That is why we are here. It is a landmark report because it is in the centre of the vital crisis that faces our province and our city.

Some 1,500 submissions came to the committee, thousands of volunteer hours. People came and said, "This is the problem." We looked at the report. We looked at the report. The report gave a diagnosis of this crisis. The report gave some constructive remedies. Within six months, something was to have been done with the report. That was up on Monday. We are asking as a people, what is going to happen if we do not get the implementation of stage one? There are thousands of people waiting. I should not say they are prospective voters, I suppose, but there are people waiting, many of them, to see what will happen, what the government will do. That is the introduction.

I will introduce the panel. You have a copy of our brief with you.

Mrs. Lissanan: We are here as representatives of the Toronto South presbytery, United Church of Canada; again, 37 congregations in the south and central part of Toronto. The presbytery has asked us to speak to you, the standing committee on finance and economic affairs of the Legislature of Ontario. We are here to underline the importance of this Social Assistance Review Committee report, Transitions, and to urge that moneys be included in the spring 1989 budget for the implementation of the first phase. I understand it is called the first stage.

Here it is—you have all had it waved at you for some time now—Transitions, all 700 pages, and of course the one I found a little easier, the mini, the quick read.

We understand that you, the committee members, are knowledgeable. In fact, you are obviously vitally interested. We do not have to tell you about

the contents of the report, but we would like to point out that in its complete form, the report gives good documentation to the ideas and life experiences of the present recipients of welfare and some of the working poor. It also incorporates the thoughts of administrators, of those who deliver services and of interested citizens whose work concerns cause them to know the people in need of social assistance. This means the inconsistencies and inadequacies of the present system are an important part of the SARC findings.

Transitions, the SARC report, is well researched and written. It proceeds from a proposed statement of the objectives of social assistance legislation, through a number of changes in the present system, to a thoughtful, five-stage implementation plan.

Its objective, stated in the first chapter of the report, is indicated by this quotation: "All people in Ontario are entitled to an equal assurance of life opportunities in a society"—our society—"that is based on fairness, shared responsibility and personal dignity for all. The objective for social assistance therefore must be to ensure that individuals are able to make the transition from dependence to autonomy, and from exclusion on the margins of society to integration into the mainstream of community life."

We think Ontario can be proud of the ability, high integrity and diligence of the commissioners. The chairman, George Thomson, was known to government both before and after the days of the commission. His fine reputation as a judge and his experience in government made him a great choice for chairman of the commission, and I understand his profile has risen.

We respect the experience and integrity of all the commissioners. Especially known to us is the Rev. Clarke MacDonald. He is a minister of the United Church. As moderator, he took his turn at our highest office. He and the other commissioners have demonstrated the ability to think and write clearly and to sift through the good and not-so-good parts of our present social assistance tangle in order to lay better plans for the future.

Ten operating principles were clearly stated by the commission, and 274 recommendations were listed, with documentation, explanations and a wealth of supporting stories from the delegates to the commission. This well-balanced report ends with a step-by-step, five-phase implementation plan.

Just a little bit about need: Those below the poverty line have great need. Fifty per cent are single-parent, female-led families; 360,000 are children. Of those receiving benefits, only 18 per cent are in housing geared to income. The others pay up to 50 per cent of their income for shelter, which is often substandard. That 50 per cent came out at about the time the report came out, and if you read the figures, you will know that it can be as high as 80 per cent.

Children, their parents and the disabled make up 90 per cent of the recipients of social assistance. I think that is important to know. To live, they have to rely on the charity of the soup kitchen and food bank after exhausting their resources on shelter and other necessities. Simple justice requires that society treat its most vulnerable members, especially sole-support mothers and children, with more fairness and compassion. They deserve and require adequate shelter and food, opportunities for training and employment and respect in their families and within society at large.

It is important that we address the problem now. The United Church has a tradition of caring for people, particularly marginal people. As we read and

hear the scriptures read, we are reminded weekly of God's special concern for the widowed, the poor, the weak, the sojourner and the young. Our belief in a God of justice and love has been nurtured by the Bible stories of the Old Testament law, prophets, psalms and especially by the life and works of Jesus of Nazareth.

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We believe that as citizens, voters and taxpayers, we have no choice but to express our Christian concern and convictions with reference to how legislation and government programs impact on the lives of disadvantaged people. Of course we are all worried about the cost, and there will be more questions afterwards, I suspect.

One alleged problem in implementing the ideas of this report is that we will have to put more money into the budget. We want moneys for the implementation of the first stage of this report in the upcoming budget. This has to be because the cost of implementing this report now is less than the social cost will be if we do not implement this report. The additional cost to the health system, the educational system and the loss of tax revenue will be significant if we do not implement the Social Assistance Review Committee report now.

The report has importance for all segments of our society. We know that those administering social assistance are bogged down with paperwork and that one worker's case load can keep 10 workers busy. We know there is little time to encourage, teach and sustain clients in their struggle towards self-sufficiency. We know that welfare does not cover the cost of living. We know that moving from family benefits to low-paying jobs involves a loss of living standard, since the support of the Ontario health insurance plan payment and drug plan are removed immediately. We know that confusion is caused by two different laws governing the delivery of social assistance. Finally, there is no statement of purpose to be found in our present laws for social assistance.

Confusion, delay and frustrated expectations can cause despair and anger. These are not good springboards towards self-sufficiency, the goal of Transitions.

Let's go back and say it again. Extra police and jails will cost more; extra demands for health care will cost more; expanded need for social assistance will cost more; unemployment and underemployment will cost more. We do not want greater costs in the future, we want justice and equity now.

As taxpayers, we urge and recommend that the spring budget in 1989 include moneys for the implementation of phase one of Transitions. We, the members and adherents of the United Church congregations in Toronto, represent hundreds of middle-class and largely middle-income people. Our Christian convictions encourage us to speak up on behalf of vulnerable members of our society. We urge this committee to do what it can to see that moneys are included in this spring's budget for the implementation of the first phase of Transitions.

Thank you for your time and attention.

Mr. Mackenzie: First, I thank you for your presentation. I think you may be one of the first groups that might have some influence, realizing that you are on the same wavelength as our chairman here, in trying to convince some of these—

I think you partially answered my first question in your last couple of paragraphs. In early sessions of this committee we had the Treasurer before us and he indicated that he liked and supported the idea of the Transitions program, but also raised the costs of implementing it. He indeed raised a figure of \$800 million rather than \$600 million as what it might cost.

I guess my straight question is the one I have asked a number of groups. I take it that it would not make any difference whether we are looking at a \$600-million or \$800-million shared-cost figure—the first phase of the Transitions program should be included in this budget. Is that the position you would take, as well?

Mrs. Lissanan: Very strongly.

Mr. Chairman: First of all, I think the Treasurer is also a member of the United Church.

Mr. Varey: We too are aware that the Treasurer is.

Mr. Chairman: I was not here when he made the utterance, but I understand he said \$600 million.

Mr. Varey: The figure in the report is \$400 million.

Mr. Mackenzie: I apologize; \$400 to \$600 million.

Mr. Varey: Let's not make it any harder than it already is.

We really appreciate the fact that the Treasurer is a member of the United Church down in St. George, I think. It is not ethical for us to call his minister and check. We do not have confessionals, either.

Mr. Mackenzie: I was not suggesting that.

Mr. Varey: But we think that this is an issue. The people whom you see here today represent a fairly broad cross-section of people in Toronto who happen to be United Church. We think there are a lot of United Church people and people like us of other religions and other denominations who believe that justice requires that we pay more if that is what is required.

We also, of course, believe that the Treasurer has a responsibility in preparing budget and tax recommendations to see that fairness is a principle throughout the tax system and the budget process. I think that the people that you see here before you represent a lot of Ontarians who believe that the issue of simple justice may cost us something.

Mr. Mackenzie: Then let me ask you one other thing. It is a question I have asked other groups. If you were here earlier, you may have heard it. We will be making recommendations to the Treasurer, whether he follows them or not, not just on this particular program. The mandate of the committee is to make suggestions in terms of budgetary policy in Ontario.

Does it make sense that in Ontario we start doing an analysis on budgets not just on the economic side of the ledger, but also on the social side of the ledger as to where we have made progress and where we have not made progress? I think that might tie us in a little more effectively to suggestions such as Transitions.

If we did that kind of analysis, it would be a little clearer to see whether we are really progressing, not just in terms of gross national product, increased wages, increased employment or inflation, but also whether we are making any gains in terms of a better quality of life for some of the people who are not as well off as some of the rest of us. Does it make sense that we use that kind of an approach in budgeting in Ontario?

Mr. Varey: The United Church of Canada has said it in many forms over many years. Economic issues cannot be dealt with separately from social issues. The two are part of the same fabric called a healthy life for individuals and for, in this case, Ontarians. We think that the social and the economic have to be addressed together. We hope that the Treasurer and those who advise the Treasurer, including yourselves, will put that case to him.

Mr. Mackenzie: The final question is also one that asks, because I am really trying to get us to take a look at a slightly broader view, whether it makes a lot of sense to make our recommendations, even if the social and economic sides of it are parts of our recommendations, without also dealing with a couple of other issues, I guess most specifically the housing issue?

A lot of Transitions is living allowances. If we do not deal with both the supply of housing and some of the profiteering that has gone on in housing, we are not going to get away from one of the factors that is driving up houses. In two or three years we may be in the same kind of boat, in spite of the first phase of the Thomson report. Should we be making recommendations that tie in some of the fundamentals—housing and the level of income, in terms of minimum income in the province, as well?

Mr. Varey: I wonder if other members of the panel or the delegation would speak to the issue of housing as it affects the whole social question before us.

Mr. Mackenzie: My fear is that it is part of a package. We are dealing with this obviously fundamental and important first phase, but we are not dealing with quite enough of the problem.

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Ms. Coombs: Certainly housing is the big thing when you look at people coming to the church doors for help. I am on the panel simply because I am a United Church minister in a small congregation who sees a lot of people who come for help.

Just in the past week I have had three women come. One woman, a single parent, has two kids. She is making \$6.50 an hour and she pays about—she has never been on social assistance—75 per cent of her wage for housing. She came to get money for car tickets, because she said, "I just have to use the rest of the money for food." She was going to walk to work, but then I just really could not do it and so she came for car tickets.

Another woman who has three children has been on social assistance and she pays \$650 or \$700 a month for rent, and has come to see me several times over the years when she just had to have some extra to get by. This is sort of an up story. She came just in seventh heaven the other day, telling me she was not going to need help from me any more because she had gotten a job with the city. I asked her what it was, and she said, "Collecting garbage." She said, "They are hiring women now." She told me how much she was making and she said, "I can get off social assistance now." And she said, "They told me I wasn't

big enough." She is a woman smaller than I am. She said, "But I'm strong and I can do it." But she has got three kids and she is—

Mr. Mackenzie: I take it then you would have no difficulty if there was an attempt made to broaden the picture and look at the number of the factors in it, providing we leave as a first priority the first stage of the report?

Mrs. Lissanan: We are also very concerned that the report not get lost.

Mr. Mackenzie: Six months, as you mentioned, have passed and that has disturbed some of us, but I get the sense that the members may be taking a serious look at it in so far as this committee goes. It is not the final battle, I am afraid.

Mrs. Lissanan: Yes, but you are very important and I sense that you are interested and caring. I think that is wonderful.

Mr. Kozyra: It is obvious that you have been caught up in and part of the ground swell. I am wondering if you, as part of that, have had the time to give some analysis for the reasons for this unprecedented ground swell of support? I was not around at the time of the abolition of slavery, but I would venture to say that this is perhaps gaining even more momentum than that. And it is in reference to a type of slavery: that of poverty in our society.

Have you given some thought as to what is causing this? Is it that the report is so excellent; that the time is right? I did not mean to answer my own question.

Mr. Varey: There is a basic sense of justice on the part of people in Ontario. We are so fortunate to live in a province where one can still appeal to people's sense of justice. There is a sense of outrage, I think. One of the women in our group today came here because last night she saw somebody sleeping on the streets and she said, "That should not happen in Toronto."

We are fortunate that the social fabric of this province still is based on a deep sense of justice on the part of people who come from a wide variety of ethnic, religious and racial backgrounds. This committee is one of the guardians of that sense of justice. If, in this province, as in some other jurisdictions, people get cynical about the plight of the poor; if they believe that their legislators are concerned with other things, then I think we are in for sorry days in this province.

The churches will keep reminding the legislators, but the goodwill and the sense of justice which I think we see in this ground swell of support is something delicate which legislators have a special responsibility to safeguard.

The churches have a responsibility to nurture, but I think legislators have a responsibility to safeguard, and we hope that you and especially the Treasurer will understand that that is part of your and his responsibility in the budget.

Mr. Chairman: Mrs. Cunningham and Mr. Cleary.

Mrs. Cunningham: It is wonderful to see the United Church of Canada consistent in its role over the years in Ontario, and a very influential force

you have been. So we thank you for making such an excellent presentation today and for all of the people who have come to support you in your presentation.

I, of course, am part of this feeling—I am the Progressive Conservative critic for Community and Social Services—that the committee has been very positive and has been listening, and has been asking some pretty important questions; that is all members of all parties, which is great. I hope we can influence, in my specific case, the Treasurer.

I am assuming that stage one is a given. I am very optimistic, am I not? I am assuming that will happen, because it just has to happen. I think some 14 major reports in the last 21 years, as we looked at it both federally and in Ontario, have either been shelved or slipped between the cracks. There is great optimism around this one.

I am concerned around just the implementation of stage one, because, as you know, that is a rate increase stage. There are a few other things, but the rate increase is the most important part, geared specifically to the very real need for more money for housing, for rent. We also have to underline the very real need for the structural change in the system. I wonder if you would respond to that concern I have in some way. Am I right? Should we be making that statement as well as the financial implications of stage one?

Mr. Chairman: If you wish to speak, could you take a seat up here in front of the microphone? Then your voice will be taken down for Hansard.

Mrs. Boundy: Thank you very much for this opportunity.

Mr. Chairman: Could you tell us who you are?

Mrs. Boundy: Winifred Boundy. I live at 220 Oak Street, which is part of Regent Park. I think you know that. I wanted to know whether you have any authority or whether you could help in one respect particularly. Three weeks ago, I was robbed in the elevator of my apartment. My whole purse was taken. I screamed, but I did not get any help. Since then, two weeks later, another person on my floor was mugged. They did not get her money—they took my money, my credentials and everything—but they blacked her eye and she had bruises all over her face.

What I wanted to ask you is if it is possible for you to help us have protection in that building 24 hours a day. We really need it 24 hours a day, because they are doing renovations; the front door is open all the time and anyone can walk in. I think that is how this person got into the elevator with me. I was very fortunate I did not get badly hurt. I hope I am not speaking out of turn, but I just thought I would like to mention this.

Mr. Chairman: We are going to have a little break after we finish here. I can take down particulars of where you live and maybe I can do something.

Mr. Varey: This is a good example of the structural issue. The issue of poverty comes down to violence. The social fabric is very much involved in very personal terms, as we hear of this one very human experience. We are all guardians of that fabric. Can we live in safety? Can we walk the streets in safety? Poverty is not the sole cause of violence, but it is a major contributing factor. As our brief indicates, there is some self-interest here in very personal terms. As well as a sense of Christian conviction, there is also a sense that if we do not act as a society to make this a more just society, then we are going to hear more stories like this.

Mr. Chairman: In your particular case, I would like to talk to you afterwards and we may be able to help. Mr. Cleary has a question. If there is anyone else who wishes to speak, and we have gone a little over time, would you please take a seat at the front?

Mr. Cleary: The comment I was going to make has already been said, but I would just like to take this opportunity to thank you for your excellent presentation. It was very impressive.

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Mr. Varey: May I just say one thing here. We have a particular awareness of the special place that Liberal members of the standing committee on finance and economic affairs are in. It is very difficult to go to a caucus meeting on the day when the Globe and Mail tells us that the International Monetary Fund says we need to cut \$9 billion from our federal budget and stand up and argue for a \$400-million increase in the provincial budget. I want all of you to know, but particularly those of you who are members of the Liberal caucus, that we appreciate the very special challenge that puts to you.

At Simpson Avenue Church on Sunday morning we will be remembering the legislators in our prayers. I encourage the other churches to do the same. We will be making special reference to the Liberals.

Mr. Chairman: Thank you. Protect us from these people.

Dr. McLeod: I just wanted to respond very briefly on the question about structure because one aspect of it, the structure, is wrong right now. The greatest growth industry in Ontario, some people have said, is the food bank industry. Churches are involved in this. The church where I served one time in Richmond Hill—I was up there recently; I had not been there for a few years—is now a food bank. It never was before.

In 1980 there were no food banks in Metropolitan Toronto. There were a couple of food distribution places. But now there are over 80 of them. Thousands and thousands of people line up in the street in order to get food. We have heard that is partly because of the high cost of housing. There is no money left over in the last week of the month, it is hunger week. They have to go and get food somewhere and they usually have to walk, because they cannot afford the transportation.

What I am trying to say is that the churches are and will always be advocates for people who are having a rough time in the system and will be able to provide support and this kind of thing, but we are not equipped to take on this basic role in providing basic services for people who need food. It is impossible, even with the best will in the world. It was tried at the Metropolitan Church for a while before I was there. They decided to stop it afterwards because they found it was impossible with the best will in the world to do this with dignity—not only to give food with dignity without taking away a person's dignity—when people have to come, line up and take it from the best-meaning people in the world. It is impossible.

There needs to be built into our structure a way with dignity, seeing that there are certain floors of basic needs below which we will not tolerate that people will fall, as Doug said. What cannot be a solution is what has been tried in the United States in recent years. You cannot count on or just shift that over to the voluntary sector. As this report says somewhere, we did not want that role and it is not one that we are equipped to perform.

We will do our best. We will never turn anybody away. But it is the wrong structure. It takes dignity away from the family in Ontario. This report gives us a chance to change that structure. Let's seize the opportunity.

Mr. Chairman: The lady, yes; could you identify yourself?

Mrs. Nodwell: My name is Jessie Nodwell. I am a former teacher. I am deviating from the question of structure, but I do want to emphasize the factor of children. If our problems are bad today, it is nothing compared to what they are going to be when, because of the housing, children are shifted from one school to no school to another school.

When they come to school with no socks in their shoes—probably with sneakers and walking through the snow—when they are hungry, children cannot learn. They fall behind. I have seen it. I have seen the difference, in a classroom, between children of equal ability but different backgrounds and different opportunities. Please consider the matter of children in your deliberations.

Mr. Chairman: Finally, this gentleman; could you identify yourself, please.

Mr. Gedraitis: Yes. I am Albert Gedraitis and I am a member of Bloor Street United Church. I am a long-term welfare recipient.

First, in regard to the cost-benefit analysis of the suggested SARC reforms, I think it is really important that there be some specialists who set the criteria for the cost-benefit analysis. As the elderly lady who spoke earlier said or suggested, and I want to just take a step further what she was telling us, I believe that if expertise and open eyes are brought to the criteria in a real cost-benefit analysis, people will be asking questions like, "How much will the overall package in the five stages reduce crime and therefore reduce policing and other forms of expenses?"

I will be very summary about this. I am on welfare for psychiatric reasons. Before my present circumstance, I would have to say that the way the welfare system is set up, it generates illness. If you are already sick and have problems and you do need professional help, at the level of support that I existed on for quite a number of years, I was just made sicker by my circumstance.

I was literally begging to try to get the food and the rent together. I lived alone in a small apartment, month by month. I had a problem in getting to the food banks originally because I was just too ashamed to go. I went through a really disastrous and you might think demented experience. I just laid in my bed and starved for a whole week without eating, rather than go into that food bank and admit that that is where I was, that the psychiatric help I was getting was insufficient for what I needed at the time.

It looks now like I will be a number of years more in that circumstance, but I do not think we should allow people to tell us that we have to take money away from the health services of the provinces for SARC. We have to have people look at what really are the medical expenses and what kind of inflated expenses there are because people are perpetuated in illness.

Also, in regard to schooling, I do not think that implementation of the SARC report should be any reason whatsoever to deny those Christian people, including the Christian poor people of this province, having Christian schools.

Mr. Chairman: A lot of our concerns—we have been focusing our minds a lot on that very problem, cost-benefit analysis, and we have been seeking out assistance in that regard, so you can rest assured—

Mr. Gedraitis: There are people who know how to make those kinds of analyses and to actually look at what are called social problems and to see how some money here in this social problem will mean that later on you will not be paying for generation after generation on those same problems. Thanks. I was a little too long.

Mr. Chairman: No, that is fine. I just wanted to reassure you that we have been looking at that very carefully.

Yes, sir; will you identify yourself, and we are running over time, so be as brief as possible?

Mr. Aberle: Yes, fine. I realize that. I am Shawn Aberle. I am a member of Rosedale United Church here in downtown Toronto.

I just thought I would answer, due to the ground swell of support that seems to be coming up around this report. I guess the reason I showed up was that you know there is a problem with poverty in Toronto. I am a resident who has sort of returned quite recently. People are just so pleased that there was such a comprehensive report done. There is a window of opportunity right now before the report is too old just to implement something.

The costs will be there no matter what, whether you have to hire more police in 10 years or whether you build this independence and a sense of dignity and these people will have hope in helping them back to normal life.

I guess that is just what I want to say. The cost will be there. It is just on how you term it. If we cannot fill these lower-end jobs because people will not take them, because they will lose their Ontario health insurance plan coverage or their other benefits, where do you run the cost line?

Mr. Chairman: Thank you. I appreciate very much all of your participation. Did you wish to make another—

Mrs. Eagle: I just wanted to say thank you very much for listening. We did not intend to go over, but you see the kind of support—

Mr. Chairman: No, no.

Mrs. Eagle: I guess, to answer, the reason there is a ground swell is because we really believe this is a most unusual report. It is the best thing that has happened for a long time. The United Church is willing to help. We have got faith in the report. We have got faith in the people who are willing to help. What we can do, we will do.

Perhaps I can say we have faith and hope in the integrity of the government, that when it has the crisis and it has at least part of an answer, it is going to carry through and implement stage one. We will help and we are waiting.

Mr. Chairman: I would like to say, if I may, three things to you. Two of them are positive and one not so, I am afraid.

First of all, I understand exactly what Reverend McLeod was saying, in that, as part of my church congregation, I was part of trying to establish the

first food bank in my riding back in 1984, and it was part of what made me run for office in 1985, because I realized the dichotomy between the church and state there.

Second, in the First Mennonite Church in Kitchener this morning, I understand there was an ecumenical press conference in support of SARC. The pressure is there.

Three, I was in my riding on Friday, and there was an advertisement in the Globe and Mail, which some of you may have had a part of, an open letter to the Premier (Mr. Peterson) on SARC. I had some complaints about that from people in my riding who were saying, "How dare they suggest that we give more money to the welfare bums?" I simply put that to you, because the education process, which may be very thorough in this room, is not at all complete in this province. I leave that to you to work on.

For the rest of the afternoon, we are going to have a short break, because the natural gas people want to show us some slides and need to take four or five minutes to set it up. After they make their presentation, Mr. Jackson wants to make a very brief presentation to us on land transfer tax. I think he will not be here for the rest of our sessions, and he wants to get his point across and he assured us he would be brief. We will adjourn until about 4:27 p.m.

The committee recessed at 4:23 p.m.

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Mr. Chairman: If we are ready to go, perhaps we can get started again. We have with us the Ontario Natural Gas Association. This committee is quite familiar with this association. We have heard from you, I think, on both of our prebudget presentations as well as on our free trade hearings. Paul Pinnington, the president of the association, is with us again. Mr. Pinnington, perhaps you could introduce the people with you and then lead into your presentation.

ONTARIO NATURAL GAS ASSOCIATION

Mr. Pinnington: I am Paul Pinnington, the president of the Ontario Natural Gas Association. Accompanying me to my immediate left is Jim Anderson who is chairman of the association's finance and operating committee. Mr. Anderson is also the vice-president, finance, for Union Gas in Chatham, Ontario. On my far right is Carl D'Croix, who is vice-president, administration, for Cliffside Utility Contractors. On my immediate right is Charlene Valiquette who is vice-president, finance and administration, for Inter-City Gas.

We are pleased to be with you again for what is our third consecutive year to appear before this committee. On behalf of the members of the association, we have prepared a brief entitled Policies to Strengthen the Ontario Economy, 1989. Mr. Anderson has prepared an overview of the brief which he will take us through. Copies of the brief have been provided in advance to committee members. With your concurrence, Mr. Chairman, I propose that my colleagues and I respond to any questions at the conclusion of Mr. Anderson's presentation.

The brief, along with Mr. Anderson's comments, have been provided to the

clerk and to the representative for Hansard. Additional copies of the brief are available for interested parties. With your permission, Mr. Chairman, I would ask Mr. Anderson to proceed.

Mr. Anderson: We are pleased to have this opportunity to appear before you today. I am going to use some 35-millimetre slides which I hope you can see all right. I will refer to them from time to time, but what they are intended to do is allow you to follow along with my remarks. It is not necessary that you look at each and every one of them, but it is helpful to follow the presentation.

The Ontario Natural Gas Association, or ONGA, as this slide indicates, takes a keen interest in the province's economic and fiscal affairs. As a major business organization, we take seriously our democratic responsibility to provide constructive advice on the economy and finances to the Legislature and the government. We believe that what we have to say is important. Our unique perspective is of course energy, and in particular, natural gas. However, we share with other Ontarians concerns regarding the economy, the budget and tax reform. We also address these matters in our submission.

As you may be aware, ONGA has over 300 company and individual members representing all aspects of the natural gas industry: natural gas producers, shippers, distributors, equipment manufacturers and suppliers and others that serve the province's energy needs.

The committee will recall that Ontario uses more than one third of all the energy used in Canada. This slide indicates that the natural gas industry fills one third of the province's total energy needs, with the other components of our energy supply noted as well. Natural gas provides more than half of the energy used in Ontario's homes and commercial buildings, provides almost 40 per cent of the energy consumed by the province's industries and makes a significant contribution to the energy needs of agriculture and transportation.

We have an estimated \$6 billion invested in facilities in Ontario and provide employment for more than 7,400 persons, in jobs that are dispersed geographically and are largely noncyclical.

With this brief introduction to our association and our industry, we would now like to present the highlights of our submission. We will go through the highlights in the following sequence: Economic outlook and fiscal review, tax reform, longer-term economic prospects and key issues and energy matters.

Starting first with the economic outlook and fiscal review, Ontario has a healthy economy that is in its sixth consecutive year of expansion and is at or close to full employment levels of activity. The economy is now vulnerable to inflationary pressures. Interest rates are rising and higher wage settlements are being demanded. The consensus is that economic growth will continue in 1989, but at a slower pace.

The large majority of Ontarians are fortunate to be participating in the labour force and enjoying economic prosperity. However, the least well educated of the unemployed are having difficulty finding employment even in these boom times, and this is unfortunate. Accordingly, we urge the committee to seek assurances from the government that programs available for educating and training these people are sufficient to ensure their eventual participation in Ontario's increasingly skilled workforce.

The economic boom has boosted the government's revenues and provided the scope for substantial tax increases in recent years. The province's net cash requirements have been reduced from \$2.5 billion in 1982-83 to \$400 million in 1988-89. The budgetary deficit has been halved in size over the same period, to \$1.6 billion. The months of revenues required to pay off own-purpose debt is now 12.8, down from 15.4 in 1983-84. These are positive trends.

However, there is no room for complacency. The budgetary deficit has averaged \$2.5 billion per annum over the past six years of economic prosperity and the total debt outstanding has grown by \$15 billion. Budgetary expenditures continue to increase at a faster rate than the economy. There is simply no cushion in Ontario finances to meet new program requirements or to absorb the shock of an economic recession.

Accordingly, ONGA recommends that at a minimum the Treasurer (Mr. R. F. Nixon) reduce the government's net cash requirements to zero in this upcoming 1989 budget and thereafter commit a portion of annual revenues to gradual reduction of the public debt. In our view, this is an achievable target and is a minimum for the Treasurer.

The committee may share our concern that per capita provincial-local spending in Ontario is rising faster than in the other provinces. This trend raises questions about the relevant cost and efficiency of major public services delivered in this province. ONGA recommends that the Treasurer review and report on this matter in some depth.

While on the subject of information, we note that the Treasurer's annual Economic Outlook and Fiscal Review does not provide fiscal projections. We recommend that in future such projections be provided for at least three years beyond the interim fiscal year and that revenue data include estimates of revenue elasticities and the cumulative effects of tax changes.

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I am now going to move on from the economic outlook to tax reform. Our submission examines several important questions arising from tax reform. First, will income tax reform result in net federal-provincial tax reductions for Ontario taxpayers? Second, will sales tax reform be federal-provincial or just federal? Third, is value added taxation the appropriate reform option? Fourth, will tax reform simplify collection and compliance?

There are disturbing signs that the provinces may step into the income tax room created by Ottawa. This would be unfortunate. The federal tax cuts are designed to stimulate economic enterprise and will do so only if they remain in place for a long period of time. Provincial income tax increases will thwart this intent and will ultimately be self-defeating, particularly in Ontario. They would create a high degree of taxpayer cynicism regarding the motives for tax reform. ONGA believes Ontario, the province of greatest economic activity, should have the lowest income taxes in Canada.

Now let me turn to sales taxes. There are growing signs that the proposed federal-provincial sales tax reform is in jeopardy. Public support for value added taxation is waning as awareness of its impact grows. ONGA is concerned on two fronts.

First, the option of expanding existing provincial retail sales taxes into a national federal-provincial system has not been examined as an alternative to a national value added tax; that is, a VAT. Second, there is

the prospect of a federal-only VAT, operating in tandem with provincial retail sales taxes. Such a tax would mean unnecessary and costly duplication of sales tax administrations and could cause enormous complexity for taxpayers on top of the already increasing complexity of income taxes. Competition for tax room could result in a massive sequester of revenues by governments under the guise of fairness and a level playing field.

Therefore, ONGA recommends greater federal-provincial co-operation and public input into tax policy planning and design in Canada. I cannot emphasize co-operation too much. We also recommend to the committee a full public review of the merits of expansion of the existing provincial retail sales tax systems versus the introduction of value added taxation. As part of this process, the Treasurer should analyse and report to the committee the consequences of sales tax reform for Ontario's finances over the medium term.

Moving on now from tax reform to longer-term economic prospects, ONGA has identified three economic issues that need to be addressed for prosperity to continue in Ontario over the longer term. First, there is the question of productivity. Second, there is the question of the impact of the free trade agreement with the United States. Third, there is the question of energy security.

ONGA has examined several sources of information on Canada's and Ontario's historical and prospective economic performance, including the Macdonald royal commission, the National Energy Board and Ontario Hydro. Some of the key features of past economic performance, as indicated by these sources, are that over the past six decades the Canadian economy has grown in real terms by approximately 4.2 per cent annum on average, that there has been a slackening in expansionary vigour since the mid-1970s owing to slower growth in employment and productivity, and that the current upswing is one of the longest lasting and strongest on record.

Looking ahead, these sources suggest that the economy will experience slower growth, on average, over the next 10 to 15 years. Slower population growth and smaller gains in labour force participation will result in slower employment growth. Productivity will increase only marginally.

Accordingly, ONGA recommends that the government examine ways and means of raising productivity over the longer term and that any adjustment measures under free trade focus on measures that assist industries with the potential to achieve high value added per worker. In addition, we also recommend that Ontario play a strong role in determining the ways in which free trade is monitored and in evaluating the case for adjustment policies in Ontario.

Turning now to energy matters, our submission discusses three areas: progress made in deregulating natural gas markets, the strategic role of natural gas technologies and independent generation in improving Ontario's electricity supply security, and the potential economic and environmental benefits of fuelling vehicles with natural gas.

Energy security is vital to the province's long-run prosperity. Ontario Hydro has raised the prospect of electricity supply shortages as early as the mid-1990s. Such shortages would have serious economic and social consequences. Natural gas technologies can reduce materially the risks of electricity supply shortages in Ontario.

Major new electricity supply options are limited to the short-term to medium-term time frames. The potential for additional hydraulic capacity is

very limited. New nuclear plants involve lead times of from 14 to 18 years and must receive public approval. Clean-coal technologies are still largely at the research and development stages, and even if scrubbers or equivalent technologies are fitted to all existing coal-fired stations, acid gas emission limits could still be breached. The scope for increased power purchases from other jurisdictions also is uncertain.

Fortunately, natural gas technologies are available and fully proven. These technologies can be used by Ontario Hydro and independent generators, producing the following strategic and economic benefits.

Strategic advantages include increased energy efficiency through cogeneration, as an example; diversity in fuel supplies and generation technologies; a better matching of new supply capacity to needs, for example by adding capacity in smaller increments or locating the generating plants closer to where the power is required; dramatically reduced air pollutants relative to coal-fired plants, and increased energy security.

Some of the economic advantages include competitive costs, new investment and jobs, increased research and development, increased tax revenues, regional dispersion of electricity generation, and low-cost power for Ontario industry.

Substantial progress has been made in deregulating natural gas markets and natural gas purchasers have a range of purchase options open to them in a more competitive market. Natural gas prices have been reduced for all classes of customers. The Ontario Natural Gas Association has presented evidence to the Ontario Energy Board and the select committee on energy documenting that Ontario will have access to adequate supplies of natural gas for the foreseeable future and that incremental supplies to support gas use by Ontario Hydro and independent generators are also available.

ONGA recommends that Ontario energy and budget policies encourage the use of natural gas in electricity generation and give priority to the maximum development of economic independent generation. Further, a new regulatory framework should be put in place as soon as possible to implement independent power. ONGA is pleased that the January 1989 report of the Ontario select committee on energy has strongly endorsed independent generation and made several recommendations aimed at the establishment of a viable private power industry in Ontario. Recent steps taken by the Minister of Energy (Mr. Wong) also broaden the scope of such action.

Turning now to natural gas for vehicles, there are currently 5,500 vehicles converted to natural gas in the province, served by 41 public service stations. Our industry plans to have 25,000 such vehicles on natural gas by 1993 and 71 service stations. Market development expenditures are forecast at \$70 million over the next five years. The potential exists for \$200 million of industry investment in Ontario by the year 2000 and the formation of a \$1-billion industry that would be a world leader.

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With this in mind, the existing incentives for natural gas for vehicles must be maintained. These include the retail sales tax rebate of up to \$1,000 on vehicle conversions, no road tax on the fuel, and research and development promotion and support.

ONGA proposes further incentives be offered as follows:

Extending the conversion eligibility period from 30 days to one year; conversion of provincial government vehicles to natural gas, particularly urban transit buses; grants for conversion of used vehicles; and the nurturing of a positive regulatory climate for natural gas as a vehicle fuel.

ONGA seeks the support of this committee for these initiatives.

In conclusion, the Ontario economy continues to perform well and is expected to expand at a satisfactory rate in 1989. The current expansion is one of the longest-lasting and strongest on record. However, viewed on a longer-term perspective, the pace of economic expansion has slowed since the mid-1970s and prospects are for modest average rates of growth over the next 10 to 15 years.

The scope exists to balance the 1989 budget on a cash requirements basis. If the budget is not balanced when the economy is strong and close to full employment, then it may not be possible to do so in the foreseeable future without crisis measures. The federal governments in both Canada and the United States face large structural deficits which can be corrected only by some combination of tax increases and spending restraints. Disciples of big government should note the record high real interest rates we are currently experiencing.

Canada is undergoing fundamental tax reform. ONGA believes reform must achieve more than simply a larger take for government. Greater federal-provincial co-operation and public input into tax planning and design are needed for tax reform to succeed. Ontario taxpayers should pay among the lowest rates in the nation. We venture to suggest that taxes need not be raised in the 1989 Ontario budget.

Ontario needs secure energy supplies. There is the prospect of electricity supply shortages in the 1990s. Natural gas technologies to generate electricity are available and proven. These technologies offer strategic and economic advantages to Ontario. A new framework is needed for the implementation of independent power.

Finally, natural gas for vehicles is a potential billion-dollar industry for Ontario. Existing incentives have been vitally important to the establishment of the industry to date and must be maintained. The further steps recommended in our submission will build on this foundation.

This concludes our presentation. Thank you, Mr. Chairman.

Mr. Chairman: Thank you, Mr. Anderson. Mr. Haggerty has a question.

Mr. Haggerty: I am going to deal with page 16. I appreciate your brief this afternoon. You certainly did cover some pretty good areas and perhaps some interesting facts and figures dealing with the provincial debt and the efforts the present Treasury has made in this particular area.

You say: "Ontario needs secure energy supplies. There is the prospect of electricity supply shortages in the 1990s. Natural gas technologies to generate electricity are available and proven. These technologies offer strategic and economic advantages to Ontario."

You talk about the question of "secure energy supplies." I have some difficulty following the suggestion in that paragraph. It seems we have two commodities out there on the market—Ontario Hydro and the Ontario Natural

Gas Association—all perhaps heading in the same direction, supplying energy needs to householders, to homes. You have suggested there, and I know that is what they are looking at, that the United States is using the enormous gas supplies it perhaps gets from Canada to heat homes in the United States with electricity, using natural gas to run generators.

To me, that is a waste of energy, using both sources to heat a home, for cooking or even electrical heat. I use natural gas for my residence and I use electricity for lights and other things such as running the refrigerators, etc. To me, that is an indication of waste of one of our main natural energy resources, when you find a duplication in that area. I say that, because I think, as a committee member for a number of years on the Ontario Hydro select committee dealing with that, it was pinpointed very strongly that is not the direction that we should be heading.

You say that we have got many years' supply of energy in natural gas in Canada; but if I look at the recent paper announcements—Here, for example, the financial page of the Globe and Mail indicated that everybody is moving up to the Beaufort Sea area and into the Mackenzie Delta, trying to get that natural gas to flow more down to the United States. In fact, I am sure I have been informed that they are proposing to construct another pipeline in the Niagara region heading for the United States.

Mr. Chairman: Mr. Haggerty?

Mr. Haggerty: The question here is that I find it hard to accept your viewpoints in this particular area, when you are trying to do the same thing: converting energy into electricity.

Mr. Anderson: I think other panel members will have views on this, as well, but the point we are trying to make is that natural gas has a role in generating electricity, and that role is viable only if it is the most economical way of generating power. In other words, we are not trying to duplicate anything or trying to waste resources by any means. What we are suggesting to you is that, in certain circumstances, the use of natural gas makes a lot of sense compared to nuclear plants or coal-fired plants, which are currently an environmental concern with acid gas emissions and so forth.

Natural gas has a role, in any of those areas, to reduce emissions, to bring power on more quickly than nuclear could, as an example, or in combination with coal in a more economic way.

The other aspect of our submission is that natural gas can be used in various private power options, where it is not Ontario Hydro that is generating the electricity, but perhaps some industry that is using natural gas to generate both electricity and steam and is selling the electricity off as a byproduct of its process. In those uses, we have found that natural gas is a more economical way of generating electricity than some of the current methods. It is not for use in every application, but there are certain applications, and we are suggesting that those applications should be examined in greater detail.

Mr. Haggerty: I just look at the present system. With the direction that we are going, we see more electricity used now for heating homes. You may say, yes, that is probably the cheapest way to go right now; more economical, I should say, would be to go to natural gas. But there is duplication of the two trying to compete in the same market to provide the same services: I am talking about residential property such as homes. To me, I can see a lot of

waste in this particular area.

Mr. Anderson: In no way are we suggesting a kind of duplication. It is putting a proper mix into the generation of electricity.

Mr. Pinnington: Indeed, we would go a step further than that and suggest that, aside from the fact that we are selling natural gas, we do not believe that heating homes with electricity is the right thing to do. It clearly is not the most economic way to heat a home.

Mr. Haggerty: I agree with you. That is the point I am trying to make here.

Mr. Pinnington: We have had an opportunity to discuss this before on occasion with you, and we would again state that electricity is not the principal way to heat homes.

Mr. Chairman: Mr. Mackenzie and then Mr. Kozyra.

Mr. Mackenzie: Two questions. They are little different. First, what is your position, or have you taken one, in terms of the Social Assistance Review Committee report? It is the main item that has been before this committee for the last two to three weeks.

Mr. Pinnington: I must tell you that we have not been involved in a detailed analysis of that report. We were most interested in and totally absorbed by the discussion in the group that appeared before us, and I regret that we are not in a position to comment in that regard.

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Mr. Mackenzie: I ask it in context of some of your remarks about restricting expenditure by the Treasury, because there is a pricetag of probably \$600 million on that program, but one that has wide acceptance.

Mr. Pinnington: I recognize that is, in fact, the case and I am sure the Treasurer (Mr R. F. Nixon) has a very difficult task in establishing how he will offer funds to these very worthy causes.

Mr. Mackenzie: My second question, as I say, is entirely different. What is our current guaranteed supply of natural gas and how long is it likely to last? We have had some figures in the free trade debate, but I have lost them.

Mr. Pinnington: In round numbers, if you assume the total volume of gas consumed in Canada and the total volume committed to export today, we would have roughly a 30-year supply.

Mr. Mackenzie: That is with the current exports committed to—

Mr. Pinnington: The round numbers are total consumption, on an annual basis, of about three trillion cubic feet, about one and a half here in Canada and one and a half going into the United States, and approximately 90 trillion cubic feet of proven and probable natural gas in the western sedimentary basin. That would exclude gas in the Arctic and offshore.

Mr. Mackenzie: Proven and probable; I guess the answer is difficult to come up with, but do we have any idea at all of what we are looking at beyond that?

Mr. Pinnington: There is a wide range of numbers. Recent data available from the Independent Petroleum Association of Canada and the Canadian Petroleum Association, who are producer-oriented people located in Alberta, would suggest a minimum probably of 120 trillion cubic feet and as much as 180 trillion cubic feet. Those numbers would include the more northerly reserves.

Mr. Mackenzie: So we are in a situation where 90 trillion to 180 trillion—double—that is the top figure you used?

Mr. Pinnington: Yes, but I certainly would not put those latter numbers—

Mr. Mackenzie: No, I understand, because you have already said it covers proven and probable—

Mr. Pinnington: Yes. Proven and probable natural gas generally is considered to be natural gas that can come to the market at present or immediately foreseeable cost.

Mr. Mackenzie: So a 30-year supply, at the moment, depends on the current mix of export and domestic supply?

Mr. Pinnington: That is correct, it does.

Mr. Mackenzie: Any increase in domestic use or in export would then reduce the period of time?

Mr. Pinnington: The so-called life index, the 30 years that I have referred to.

Mr. Mackenzie: Thank you.

Mr. Kozyra: My question is somewhat similar to Mr. Mackenzie's. You sat through at least part of the previous presentation, and I know you did not come here to talk about the general state of affairs, more specifically on your presentation, but I would like to see if you could react to it.

You are aware, in addition to the long-standing—if we categorize them—priorities in Ontario of health, education and housing and now social assistance reform, these are major considerations, you advocate a balanced budget, perhaps that Ontario should have the lowest taxes in Canada and so on.

Putting you on the spot as to how that may be achieved is maybe too difficult, but do you think it is even possible, in view of those kinds of demands in these four major areas, whether you look at them globally, as some in the previous group suggested, or segment them, still to balance the budget, reduce the taxes and do all those other fine things, as well?

Mr. Pinnington: I am going to have to say yes, because, I guess, what I am considering is the other alternative. I think it is extremely important that we consider how much, as a province, we can afford to spend. I think there is great concern about the amount of money, that is, borrowed money that we are using.

We hear great concern expressed about the deficit in the United States. As I understand it, the deficit in Canada, on a per capita basis, is double that of the United States. We have heard this recent plea on the part of the

International Monetary Fund. I recognize there are always going to be very worthy causes, but the Treasurer of this province is charged with finding that balance, and I do recognize it as an extremely difficult task.

Mr. Chairman: Any other questions?

Ms. Collins: You state in your brief that Ontario should have the lowest income-tax rate in the country. Yesterday we heard from the Social Planning Council of Metropolitan Toronto. It gave us quite a bit of detail on taxes in Canada. It stated that Ontarians paid 28 per cent lower personal income taxes in 1987-88 than the average for the other nine provinces. Do you have a comment to make on that?

Mr. Anderson:

I have no idea where those numbers come from, but Ontario's personal tax rates are not lower—certainly not 28 per cent lower—than the rates in the rest of the Canadian provinces. I do not know where the 28 per cent would come from or what that would be relative to.

Mr. Chairman: Their preparation is based on tax effort by revenue source. I am not quite sure what that means. Is it the sin tax? Is alcohol or tobacco relatively less in Ontario, as are gasoline, diesel fuel and vehicle licence fees—everything, I guess? They summed it all up and that is the conclusion they came to.

That is lower than the average. That does not necessarily mean we are the lowest, I guess, although another presentation suggested we are the lowest, so we are getting all kinds of hints that we should be spending more money.

Mr. Anderson: A couple of comments, I guess. One is, going back perhaps to the earlier question, whether we can really lower the deficit, is it realistic to do that, I think it is an absolute necessity. The data that you read are overwhelming and, of course, they are topical because there are such high deficits in the United States and in Canada.

There is a lot of literature out there and a lot of discussion of it. I think the evidence is overwhelming that it is not a question of whether we can balance the budget and reduce the deficits and reduce debt; it is just a question that we have to do it and it is a question of when we actually face up to that. That is a very difficult thing to do, as my colleague indicated, but it is an absolute necessity, in my view, in our view and in our submission.

In terms of the lowest tax rates, Ontario is the largest province; it is the province of greatest economic activity, and, therefore, I think it naturally follows that it should be among the lowest, if not have the lowest rates of tax of any province in the Dominion. That is the basis for that recommendation.

Ms. Collins: My other question is in regards to the additional incentives that you are recommending. I wonder if you were able to cost those out in any way. How much money do you think that would cost the provincial government?

Mr. Anderson: I do not have those kinds of statistics with me today. The only way we would even recommend or suggest that those kinds of incentives go in place is that there is a cost-benefit; that the cost today is worth it in terms of what we call here a billion-dollar industry, and I use that somewhat hesitantly, because it is certainly only a potential for a

billion-dollar industry.

It is a fledgling industry and one that needs incentives to get it going. If it does get going, if it does develop the way we expect and hope it will, then there will be a net payback to the province in terms of increased economic activity and increased tax revenues, if you want to put it in those terms. So there would be a payback on it. It is not a giveaway. It is a give-to-get type of scenario.

Mrs. Cunningham: On page 6 of your submission, with regard to tax reform, you have raised a number of important questions. I suppose the question would be to the chairman and you could maybe comment on that.

These are important questions, Mr. Chairman, on page 6 of this report here, and I am wondering what the role of the committee will be in achieving answers to them.

Mr. Chairman: I see.

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Mrs. Cunningham: Just to elaborate a little, I think all of us are interested in the statement at the top of page 7, "The federal tax cuts are designed to stimulate economic enterprise and will do so if they remain in place for a long period of time." Everybody knows that any tax reform, in order to even measure it, would have to stay in place for a long time.

It is not unlike the implications of this Social Assistance Review Committee report: We know it is expensive up front, but can we look at the saving down the road, maybe in housing, perhaps in education, perhaps directly in health; not always cost saving but better systems, especially in education, and maybe cost saving in health?

With your questions, it is the same kind of thing. If you are looking at tax reform, you cannot keep changing. You are stating that there is a very big need to work together provincially and federally. That is why I was saying to the chairman that the questions on page 6 may be interesting; perhaps the Treasurer already has the answers to those kinds of questions. It is something the committee could investigate further. I think that would be appropriate. I wish you would respond to that.

I would like to ask the group that is presenting, with regard to question 7, if it has any strong feelings about some of the statements it has made in the long term with regard to this lack of understanding around policies that seem to be conflicting.

Mr. Chairman: What if I answer first, just by way of background? The committee has had some hearings on tax reform; they occurred last fall. The evidence we had was basically that very little real negotiation had occurred and very little information was available about what the federal government really was intending to do. I think that was partly because the federal election was looming. As a result, we put over any particular recommendation to be perhaps incorporated in our prebudget report. That material we can get to you.

Mrs. Cunningham: I think that is a fair comment. We all live with the realities of these campaigns which sometimes interfere in our negotiations together. We both share that concern, I am sure.

Mr. Anderson: You would like some response from the panel. I am not sure I totally focused on the question, but part of it was to ask how strongly we feel about these issues. We feel very strongly about these issues. There is only so much tax room—and I used that bit of jargon in my discussion here—available to all governments, local, federal, provincial, to generate revenues. There needs to be, obviously, some co-operation among all levels of government in deciding who and how much each jurisdiction takes from that limited tax room. It is only in a co-operative, well-defined and well-planned environment that you are going to get a tax policy that is a proper one and one which will generate the appropriate economic effects. We do feel very strongly on those issues.

Ms. Valiquette: Beyond that, when you take all of the tax statements we have made here, I guess the bottom line we come out at is that Ontario should not be using that tax room this time around by increasing taxes; that perhaps that would tend to undermine what tax reform initially was aiming at doing. Ontario, of all provinces, as opposed to perhaps where the federal government now finds itself, perhaps is in a stronger position to use that alternative than others might well be.

Mr. Anderson: As you know, Ontario did, with last year's budget, by raising provincial personal income taxes, take some of that tax room created by federal tax reform. That is something we advocated not be done in our report last year and we would certainly advocate that it not be done any further in this budget.

Mrs. Cunningham: My final question, on the same line. It seems to me that what we should be advocating is not only discussions but some tremendously long-term plans and commitments. In the newspaper articles this morning, the municipalities are furious around what they call passing the buck on taxes. Metropolitan Toronto spoke loud and clear this morning.

We are hearing it across the province, because it appears, they say, that the province is balancing its budget or trying to pay off its deficit at the expense of the municipalities. We have seen that increase. I can speak specifically to education taxes. It seems to me there needs to be some long-term commitment and working together. But again, I think you have underlined, and I thank you for it, that it has to be a long-term plan.

Ms. Valiquette: (Inaudible) tax plan and it should go towards deficit reduction.

Mrs. Cunningham: Yes. I meant that as well. Thank you very much for your presentation.

Mr. Chairman: Mr. Haggerty, very quickly.

Mr. Haggerty: If I may make a last comment here, on page 5, it says: "The economic boom has boosted the government's revenues and provided the scope for substantial tax increases in recent years. The province's net cash requirements have been reduced from \$2.5 billion in 1982-83 to \$0.4 billion in 1988-89. The budgetary deficit has been halved in size over the same period to \$1.6 billion." Then you go on to say, "These are positive trends." At the bottom paragraph, it says that your association recommends, "at a minimum, the Treasurer reduce the government's net cash requirements to zero...." I have not heard that comment since the former president of Union Gas used it. When he was Treasurer of Ontario, he often talked about zero budgeting.

Mr. Chairman: The Treasurer of Prince Edward Island did it this week, though. The Treasurer brought in a budget without a deficit this week.

Mr. Haggerty: If we had about 300,000 people, about the size of the municipality of Niagara, I suppose we could do that, too.

Mr. Chairman: In any event, what is your question?

Mr. Haggerty: "...in the 1989 budget and thereafter commit a portion of annual revenues to the gradual reduction of the public debt. This is an achievable target." The question I want to direct to you is, since we see that the policy of the Bank of Canada has now increased the interest on the borrowing of money to well over 12 per cent, and with the deficit that is here and the debt on borrowed money that has to be paid off, it will be rather difficult for the Treasurer to meet that goal, will it not?

Mr. Anderson: There is no question it is going to be difficult, but of course, the deficits themselves are contributing in a very large way to those high interest rates. It is a self-fulfilling prophecy to that extent.

To reiterate a point I made earlier, it is, in our view, an absolute necessity that the budgets be balanced. Not only do you reduce the deficit, which everybody sort of focuses on, which is just an annual shortfall, but you have to reduce the debt, which means you have to have budget surpluses, not budget deficits, which is even more difficult, in order to reduce that public debt. We recognize that is very difficult, but it has to be done.

We have to get away from the mindset which says we can never achieve that; that it is not an achievable thing to do. What we are trying to point out here is that on a cash requirements basis, which is really the annual borrowings of the government, he is within \$400 million of doing it, and that is so close that it is achievable. At least go that far, and then work at it from there.

Mr. Haggerty: The last time Ontario had a surplus in its budget was in 1970. But when I look at the policy of the Bank of Canada, I have some difficulties with this particular area. They say it is to slow up inflation, and yet the policy in the past has been that if the dollar value goes down, the interest rates would go up because we have to encourage offshore investment. I have difficulties in this area. Because of the high interest rates, we are going to have offshore investment here that is going to cause another spiral in providing—what?—construction work, buildings going up and so on, the infrastructure for municipalities? It just does not make sense unless you—

Mr. Chairman: I am going to have to cut off this debate. It is a very basic and fundamental debate that we obviously have to face as a committee, and I do not think we are going to resolve it right at this time.

I appreciate once again the Ontario Natural Gas Association's making a good and clear presentation and always being of assistance to us, as you have been in the past and we expect you will be in the future.

Mr. Anderson: Thank you. It was a pleasure to be here.

Mr. Chairman: Before we go, Mr. Jackson has a presentation he wishes to make on land transfer tax.

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Mr. Jackson: With the committee's indulgence, I will be very brief, but I want to raise several points with the committee since I will be unable to—

Mr. Haggerty: Mr. Chairman, is this not an unusual procedure that a member makes such a thing? Normally, we should have something before us before we engage in further debate.

Mr. Chairman: I understand Mr. Jackson will not be available for some of our other discussions.

Mr. Jackson: Tomorrow I will be unavailable, but I will join the committee again on Monday and a full report will be there. At this point, I merely wanted to sensitize the members of the committee to three points about the activities of this committee for their thought and consideration over the course of that time. I would hate to be raising it on Monday morning when it strikes at the fundamental purposes of this committee and some statements the Treasurer has made which are most unusual.

Mr. Haggerty: The point is, are we are going to allow ample time for response to his submission?

Mr. Chairman: I am quite prepared to sit here unless you have some real concern about his being allowed to make this submission for the record.

Mr. Haggerty: Is there another date when he can come in and make it but give us ample time to—

Mr. Chairman: We are trying to clean up all of our submissions by tomorrow noon so that we can start writing. The clerk reminded me a few minutes ago that the committee will cease to exist a week from tomorrow because the session does not exist, unless we have some dispensation from House leaders. I do not want to get into that if I can avoid it.

Mr. Haggerty: I have some questions in this area, though. He is coming in almost at the last minute and we are going past our time allocation. Now he is bringing in further debate in an area that we really have not gotten into and then presenting his brief without ample time for us to discuss it or even to see it.

Mr. Chairman: Mr. Jackson had a group that wanted to make a presentation and I indicated we could not hear from them because they were not available until some time after tomorrow noon. This is an alternative and it seemed reasonable to me. I think we have had some comments on the land transfer tax. We are not going to resolve anything today. Once we go in camera, presumably, to write the report, we can have a full-blown debate on the issue. He simply wants to get something on the record at the moment.

I am in the committee's hands. If you do not want me to allow it, that is fine.

Mr. Haggerty: That is what I am afraid of. He can get it on the record and run with it. Really, we have not had time even to look at or consider it. We do have television here, which is—

Mr. Chairman: I have indicated to Mr. Jackson that he could make the

presentation. If you want to make a motion to the contrary, go ahead.

Mr. Haggerty: I just raise that. It is up to the other committee members. I just feel that maybe we could be being taken advantage of.

Ms. Collins: Could I ask what it is the committee is doing on Monday? I am subbing on this committee. I will be back on Monday, but I want to know what you have scheduled for next week.

Mr. Chairman: Monday we will be writing. We can start whenever we wish. This week we were talking about starting at 10. If some members have problems with that, we could start in the afternoon.

Ms. Collins: Can I ask why it would not be appropriate to discuss that matter next week, once the committee starts debating all the presentations?

Mr. Jackson: I am not making a presentation or a brief. I am merely sensitizing the committee. My time would be three to four minutes. I am not doing a half-hour presentation. I have already indicated that there will be a written brief. I just wanted to raise some questions of procedure with this committee which is within the mandate of the committee, and I have the right to raise those. If you do not wish me to make a presentation, that is fine. I was not planning to. I was merely wanting to raise several questions on the role of this committee in the budgetary process.

I am not a permanent member of the committee, but this is the third year I have been subbing on it at this critical juncture. Prior to our meeting with the Treasurer, I do not want to sensitize you to it in his presence. I would rather that you think about the question because it strikes at the fundamental role of privacy and confidentiality of the budget process.

If I may proceed, Mr. Chairman, I would like to.

Ms. Collins: We were told that Mr. Jackson would be making a presentation. Now I understand that he is not making a presentation. This is a question of procedure.

Mr. Chairman: I understand it will be four or five minutes. I understand it has to do with the land transfer tax.

Mr. Jackson: I want to introduce a notion based on statements made by the Treasurer.

Mr. Chairman: I am hearing something different now, actually.

Mr. Jackson: My note to you, Mr. Chairman, says that I would like to make some brief comments of about four or five minutes in duration. May I proceed? Thank you.

Mr. Mackenzie: I just simply want to say that we can accept or totally reject, use or not use, whatever Mr. Jackson has to say. I have no difficulty in listening to his presentation. I will make my decision as to whether it has any validity.

Mr. Jackson: Thank you. I will attempt to be brief.

The time-honoured tradition is that matters dealing with the budget by

the Treasurer are by their very nature usually secretive or nonpublic. It is rare when we get a situation where a Treasurer makes a public statement as a window to examine his thinking about budget increases. That has occurred recently.

I wish to bring to the committee's attention an article in the Toronto Star of February 17, where the Treasurer suggests that he is considering adjusting the land transfer tax that could change house values, "since \$55,000 is no longer any type of threshold in terms of housing prices in Ontario." That is a direct quote from the article. He goes on to suggest that he might consider changing the base figures, seeing it as a means of cooling out the market. The Minister of Housing (Ms. Hosek) deferred and said, "I could not comment publicly about any of my discussions with the Treasurer."

Without castigating the Treasurer, I just want to put into perspective that it is a rare occurrence for any Treasurer to do that. Now that he has done that, I did wish to raise my second procedural point with the standing committee on finance and economic affairs and that has to do with our role in terms of advising and guiding the Treasurer. We are fortunate that we have this process and that we can do that.

My concern basically is that where a tax may be utilized as a method of achieving some politically necessary objective, in using the Treasurer's words, cooling out the housing market, I think it is a responsible question for us as a committee to ask, what are the other possible negative repercussions to that kind of tax?

To be more specific, what if a change in the land transfer tax that might net the province of Ontario, say, another \$100 million has the direct effect of reducing revenues that are associated with housing to the tune of \$400 million?

If I am making myself clear, I think we might be in a position to understand part of my concern about any examination of an adjustment to the land transfer tax. That is, is there a role for this committee to examine the implications of tax adjustments that might have negative repercussions on other tax revenues?

I would assume that this kind of analysis is going on within the Ministry of Housing. Mr. Mackenzie will discuss this. He has a position on the speculation in the housing market. His party has enunciated a position clearly in the House; it is well recorded. The Treasurer has responded by saying that he may consider increasing the land transfer tax as a means of somewhat achieving that end. Mr. Mackenzie will get into that with the committee at some time in the future, and he makes his arguments very well in that regard.

However, my concern has to do with the first two issues I am raising for this committee: that of the appropriateness of the Treasurer's discussing it; second, if he is now discussing it, whether that puts it well within our role as a committee to be dealing with the issue; and finally, the question about whether or not we can pursue with the Treasurer what kind of analysis he is undertaking to determine how negatively that might affect us—if the housing market in Metro Toronto were to cool down in the substantive terms that he may think it might, how many jobs would be lost, what happens to the building trades in northern Ontario that are shipping raw goods to southern Ontario to build homes and so on and so forth. I think it is a legitimate question to ask.

With the committee's indulgence, I merely want to put in perspective

three or four quick points. The land transfer tax has been increased once in the last three years. It is the second highest in all of Canada. The only province with a higher rate is British Columbia. There are several provinces that have no land transfer tax at all. There was \$60 million of additional revenue that the Treasurer did not even anticipate; they projected \$500 million revenue from this source and they are on target with the \$560 million of additional revenue, so that is a substantive increase. It is tied to inflation, but it will have a negative impact, in my view, on first-time home buyers and so on, because the tax applies to everyone.

The brief that I will assist in getting to the committee's attention will deal with a national examination of this issue and attempt to look at its impact on several sectors which are helping our economy because they generate revenue now and because they generate a tremendous amount of employment. I think that as a committee we want to be able to advise the Treasurer that perhaps some taxes have a negative effect on our economy, although a positive impact on the Treasurer's access to revenue.

I will leave my comments at that, but I have raised, in my view, some important procedural matters. I will be around next week in order to work through them with the committee, but I do believe very strongly that there should be some opportunity for this committee to hear from the other two political parties in this province on the issue of land speculation, on land transfer taxes as a means of dealing with it and so on and so forth. This late hour is not the appropriate time, but perhaps we will be able to do that fairly soon. I am only dealing with it given that I read in the newspaper that the Treasurer is considering increasing taxes prior to his budget in this specific area and that it is very rare in Ontario to see that, or in any other forum.

Mr. Kozyra: I have a reaction to the first two points of Mr. Jackson. I do not mean to second-guess, because I do not know what the Treasurer's intent was here, but if it were a trial balloon, so to speak, that is not precedent-setting. I think around this time last year the musings about the possibility of a jump in sales tax from seven to eight per cent were out there also, partly, I would imagine, to get some public reaction, to get the drift of the way public feeling was going, and in that way it does help this committee in its deliberations.

I would go so far as to say that even if last year this committee had no representations on the possibility of an increase in sales tax, the committee would have felt that was part of its mandate to at least consider it in its report and make some comments.

I see this in the same way. That is the second point. I think it falls within the mandate of the committee, whether it be raised out there or not, if we feel it is germane to the discussions that it has come up and we make some recommendations or at least have a reaction to it.

Mr. Mackenzie: I find it an interesting point, but I point out that if you are not totally satisfied with the committee, you can also make whatever recommendations you think your party wants in a dissent as well, which is always attached to the report.

Mr. Jackson: I would like to use this as a nonpartisan forum to get issues before us, and that is why I couched it in terms of always making sure that any kind of taxation is analysed from its reaction to the very people generating that revenue. Clearly, we have a situation here where it is under

active consideration for increase, in my opinion, for the wrong reasons, but I can be corrected on that.

The point is whether the Treasurer making the decision is aware of the impact of that decision—not the effect he would hope to achieve but what its actual implications would mean. I think we have a role to make that clear to him and, hopefully, I would like to participate in that, because heretofore we have not received a single comment on it. I have raised it a couple of times periodically through the hearings, but we have not heard from any group about it.

Mr. Chairman: Any other comments? The Economic Outlook and Fiscal Review essentially is supposed to deal with those problems and concerns, and I think you are right that all sorts of impacts are likely being considered if it is being considered. Members should take all the material with them, because we will be in committee room 1 tomorrow morning at 9:30.

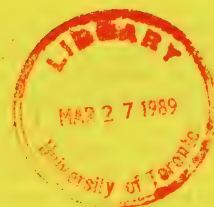
The committee adjourned at 5:34 p.m.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PREBUDGET CONSULTATION

THURSDAY, MARCH 9, 1989



STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

CHAIRMAN: Cooke, David R. (Kitchener L)

VICE-CHAIRMAN: Pelissero, Harry E. (Lincoln L)

Cleary, John C. (Cornwall L)

Ferraro, Rick E. (Guelph L)

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Hart, Christine E. (York East L)

Kozyra, Taras B. (Port Arthur L)

Mackenzie, Bob (Hamilton East NDP)

McCague, George R. (Simcoe West PC)

Morin-Strom, Karl E. (Sault Ste. Marie NDP)

Pope, Alan W. (Cochrane South PC)

Substitutions:

Cunningham, Dianne E. (London North PC) for Mr. Pope

McLean, Allan K. (Simcoe East PC) for Mr. McCague

Owen, Bruce (Simcoe Centre L) for Mr. Cleary

Clerk: Decker, Todd

Staff:

Anderson, Anne, Research Officer, Legislative Research Service

Witnesses:

From the Action Committee on Tourism:

Elmhirst, Peter, Chairman, Tourism Ontario

Stanton, Bruce, Vice-President, Resorts Ontario

From the Association of Municipalities of Ontario:

Clark, Steven, President; Mayor, City of Brockville

Hopcroft, Grant, First Vice-President; Alderman, City of London

Hipgrave, David, Co-Chairman, Fiscal Policy Committee

From the Ontario Good Roads Association:

Boshcoff, Ken, President

Silgailis, Vik, Director of Engineering, Regional Municipality of Durham

Rach, Leonard, Director of Engineering, Department of Roads and Traffic,
Municipality of Metropolitan Toronto

From the Ontario Mining Association:

Reid, Patrick, President

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday, March 9, 1989

The committee met at 9:36 a.m. in committee room 1.

PREBUDGET CONSULTATION
(continued)

Mr. Chairman: I think we should get started. Mr. Decker is out looking for some of the other members right now. We have with us today the Action Committee on Tourism. Their brief is in front of us, laying out among other things that 12 per cent of the globe's wealth is in tourism, which I find very interesting. Peter Elmhirst, chairman of Tourism Ontario, and Bruce Stanton, vice-president of Resorts Ontario, are with us. Perhaps you could lead us through this brief, if you will, and then entertain some questions.

ACTION COMMITTEE ON TOURISM

Mr. Elmhirst: Thank you very much, Mr. Chairman. We very much appreciate the opportunity to speak to you and your committee and have an opportunity to spend half an hour with you in your busy one-week agenda.

Bruce Stanton who is with me is vice-president and general manager of Bayview-Wildwood resort in the Muskokas, as well as being, as you mentioned, vice-president of Resorts Ontario and works hard on behalf of the industry from an association standpoint. I own and operate Elmhirst resort in the Peterborough area and serve, as you mentioned, on Tourism Ontario, on the executive of the Tourism Industry Association of Canada and as chairman of the Canadian Tourism Research Institute.

Today, however, we would like to speak to you on behalf of ACT, the Action Committee on Tourism, which is a group of individual entrepreneurs from a cross-section of Ontario's tourism industry and tourism representative trade associations that have joined together for a brief three or four months to attempt to impact the spring budget of this government.

Tourism plays a very important role in the economy of Ontario and we feel that role is not always recognized. It is made up of a lot of very small to very large operators and a very diverse range of businesses in type and size, and its employment and economic impact are often overlooked. That is, as I say, the purpose of our getting together, to attempt to renew and strengthen the partnership between the industry and the Ontario government.

We have distributed to you a brief on the purposes of the Action Committee on Tourism with a short background of the economic impact. I would like to suggest that we go through it quickly and come to the two recommendations we have, and then have an opportunity for some discussion. I would like to ask Bruce to talk to the economic impact on the competition sections of the brief.

Mr. Stanton: As Peter mentioned, not enough is tourism referred to as an economic sector in our province, largely because it is comprised of a great number of small businesses. But there are four very significant factors that tourism impacts in terms of the economy. These are mainly pertaining to

jobs, the level of foreign investment attracted by tourism, the ability of tourism to ease regional disparities, as well as the substantial tax revenue generated through our industry.

I am sure the members of the committee have heard and reviewed various impact levels of tourism, but just to highlight: In terms of expenditures, tourism in 1987 generated \$9.3 billion worth of expenditures. That represents about six per cent of this province's gross provincial product. In terms of exporting, tourism is one of the leading industries in our province; it approached \$3 billion in terms of this level. There is a great deal of foreign currency that comes into Ontario because of tourism. In terms of jobs, and of course many of us are aware of the job situation, in Ontario, tourism has accounted for one out of every 10 jobs. In fact, the past two years have seen a 17 per cent increase in the number of jobs provided by this industry.

In terms of regional disparity, the benefits it offers the various regions of Ontario, particularly in the north and the east, represent a great portion of the amount of expenditures and income generated in many of the areas of tourism in the province.

I mentioned tax revenue. Of course, back in 1987 we measured that \$1.4 billion in provincial taxes were accounted for by the tourism industry. That represents about 6.7 per cent of the government's total take. Notice that 6.7 per cent of the total taxes were brought in from only six per cent of GPP.

Tourism expenditures across the province benefit a lot of other economic sectors. You might consider the retail trade and the food and beverage, accommodation and transportation industries. An example of that is the level of construction that was contributed by tourism, being four per cent of all construction that took place in 1985.

Tourism in Ontario is attracting a larger level of foreign capital investment and the Canadian Tourism Research Institute has indicated that is going to continue on an upward trend.

That is just a very brief summary of the level of economic impact that tourism generates for this province, but more importantly and what some of the members of the committee may not be aware of, which has come to us more recently in this past couple of years, is the amount of external factors, particularly from the competitive forces in the globe, and our neighbours to the south.

The conditions within the provincial and national tourism market are very rapidly changing. As competition for tourist dollars here in Ontario grows, we feel there needs to be a stronger government and industry relationship to build that so we can compete properly. After all, consider that if Ontario loses its ground in the world tourism market, that is going to have a damaging effect both on industry and government in terms of its economic impact.

There have been several very specific developments in the last year that have affected that, and I will highlight some of those. First, there have been big upswings in the level of tourism promotion spending in the United States. For example, New York's tourism promotion budget grew by more than 54 per cent during 1985 to 1987, to a level of \$20.6 million. Ontario's tourism marketing budget, on the other hand, actually declined from 1986 to 1988. Probably some

of you may even have heard this morning on the news that Eastern Airlines is offering \$12 fares from New York to Boston. That is just one level.

Mr. Pelissero: They are filing for chapter 11.

Mr. Stanton: Is that right?

Mr. Chairman: I wonder why.

Mr. Stanton: Just to highlight that, US deregulation of course has made US tourism destinations much more attractive for Ontario vacationers and is giving them much more opportunities, and that is affecting tourism in this province. It does two things. It encourages our people to go out and it encourages US vacationers to stay home. We noticed that US visits to Ontario dropped last year while Canadian visits to the US in fact increased.

Overseas, another factor that is happening is that tourism efforts to draw Ontarians to other points in the globe, particularly to the US, are also increasing. We are getting increasing competition from outside. Also, other provinces here in Canada have targeted Ontario vacationers as a very lucrative market, so we see forces from outside trying to get Ontarians to go to the various other provinces in Canada.

National Sales Tax: Although we appreciate that this is more a federal jurisdiction, it is going to have a big impact on our competitiveness level. Right now, there is no provision in the reform to exempt foreign tourism spending here in Canada, unlike other exported goods.

We have seen the effects and we see what the forecasts are telling us. We are starting into a period of perhaps slower economic growth, and that may have a damaging effect.

All told, in December 1988 the tourism redevelopment incentive program, commonly known as TRIP, ended, making it much more difficult for our industry to respond to those competitive pressures I mentioned. Additionally, according to the last two annual reports, since 1986-87 the Ministry of Tourism and Recreation has actually received a reduction in funding. Those two factors alone are making a very negative competitive position for us.

We see a trend towards greater competition in tourism throughout the globe and yet Ontario is lagging behind. With that, I would like to suggest Mr. Elmhirst sum up with some recommendations, two specific ones, that we have.

Mr. Elmhirst: We have a competitive year-round tourism plant in Ontario. It certainly can use a lot of expansion and upgrading to remain competitive. A decade ago, that tourism plant was basically a summer cottage industry. The large part of the expansion and development of the tourism plant across Ontario has taken place because of the tourism redevelopment incentive program. It has taken summer-only resort properties and turned them into year-round destination resorts and conference centres.

The cost to the Ontario government of that program has been very reasonable. Last year \$60 million, \$30 million of it government-guaranteed, levered \$60 million in investment. The cost to the taxpayers was \$3.75 million. There were no defaults in the last two years. The history of that program has been very good. It has sunset as of the end of December. The first recommendation of ACT is that the government reinstitute and expand the

tourism redevelopment incentive program to assist tourism operators in establishing and upgrading the tourism facilities.

Second, as Mr. Stanton has alluded, there is a very direct result from the spending on tourism marketing. Our competitors are expanding their budgets in those areas. We recommend that the government increase its financial commitment to tourism marketing, particularly targeted to jurisdictions beyond our borders.

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The tourism industry in Ontario plays an important role in the economic wellbeing of the province. The reintroduction and expansion of TRIP, along with increased marketing initiatives, will protect and strengthen Ontario's tourism, an important contribution to the Ontario economy.

We would welcome any discussion or questions you may have.

Mr. Haggerty: Thank you for your brief this morning. I guess you appeared before the committee last year.

Mr. Elmhirst: No, I did not.

Mr. Haggerty: There are two new faces. There has been a change.

I was concerned about some of your comments about foreign investment. Is this buying up resort areas? I noticed last year that Sherkston Beaches was sold to a British firm, I guess one of the largest in Britain, that handles resort areas, amusement parks and so forth. Is there much activity in Ontario in this area?

Mr. Elmhirst: Yes, there is. There is no question that a lot of Ontario's vacation and resort properties are being bought up by foreign investors. The ability of the Ontario businessman to compete with the capital that can come in from some of those areas, particularly the Far East, is—

Mr. Haggerty: Did you say the Far East?

Mr. Elmhirst: Yes.

Mr. Haggerty: Japan in particular?

Mr. Elmhirst: Yes, there are Japanese.

Mr. Haggerty: I know they are working in the area I represent on the north shore of Lake Erie. They are looking at property in that area.

Mr. Elmhirst: Yes. There is investment from Germany, Switzerland and the Far East primarily.

Mr. Haggerty: That would not cater to the Ontario public, but more so to their own? For example, I understand there is a problem in Japan, that with the number of people there and the wealth that is generated in Japan presently, they are looking to buy resort sites in Canada so that when they have their vacation, their leisure time, their people will come over here.

Mr. Elmhirst: There is no question that as destination areas become popular with Japanese travellers, Japanese investors tend to come in and

purchase businesses within those destination areas. While that trend is not large in Ontario as yet, as Ontario draws more and more Japanese tourists, as we hope it will, I am sure it will become more prevalent. However, a lot of provincial programs have really encouraged foreign investment. Rather than assisting the Ontario operators to be competitive in the industry, they have tended to encourage investors to come in from outside.

Mr. Haggerty: In what particular area are you suggesting they are doing it, the government programs that are encouraging this?

Mr. Elmhirst: There is the type of program where, if you bring in a certain investment, you achieve citizenship.

Mr. Haggerty: Or tax concessions. Does the federal government still have that program available?

Mr. Elmhirst: I cannot answer that.

Mr. Haggerty: At one time, if you bought land here, there was a tax write-off given to you for a period of years.

Mr. Elmhirst: Foreign investors' programs have been in place for some time, both provincially and federally, I believe.

Mr. Chairman: Are you doing anything to inform Japanese tourists about Ontario? Are you doing anything to tell the Japanese about Ontario?

Mr. Elmhirst: Oh, very definitely. There was a trade mission from the industry in Japan just a few weeks ago. Ontario is competing or attempting to compete in that market. However, they tend to collect in known destinations. The Japanese tourists through Ontario are heavily in the Niagara Falls area, the centre of Toronto and then on to Montreal or south.

Ms. Hart: I just came back from Whistler, British Columbia. A few years ago, it is true, there were almost no Japanese tourists, and now I would say half the people there were from Japan. I am told many of the resorts being built are at least partially owned by the Japanese.

You make the point yourself. Governments, Canadian and all the provincial governments, are encouraging investment of any sort, not necessarily foreign, but it seems that is the type that counts. Are you suggesting we discourage that kind of investment, which brings along with it the Japanese tourists and the Japanese industry?

Mr. Elmhirst: I am suggesting more that the type of assistance that has been offered to the industry in the last decade through TRIP be continued and expanded, to allow the Ontario businessman to compete with that foreign investment, rather than sell out to the foreign investment.

Mr. Haggerty: My second point is, you talked about Canadians heading south to the US for their leisure-time vacation period. There is a reason for it. I think I mentioned to your group last year that in my particular area, where we have a number of resort areas along the north shore of Lake Erie, with beautiful beaches, many of the local residents, instead of travelling north to the vacation spots up in the Haliburton area and places like that, are heading south, particularly to Darien Lake.

I have done some questioning about it and they say, "The accommodations

for a campsite or parking a trailer at Darien Lake is about half the cost that you find in the Niagara Peninsula, for example." If you went to Sherkston Beaches, it is about \$27 a day, or something like that, to park a trailer. I could be wrong on the figure, but it is somewhere in that area. This is one of the reasons why perhaps more Canadians and Ontario people are heading that way. Is there anything in this area?

There is another point I wanted to bring to the attention of the committee. The reason people are not travelling north is that you cannot get out of the congestion here in Toronto. If somebody from southern Ontario wants to travel north, they still have to come into the Toronto area and they are tied up for hours trying to get through the traffic.

It was brought to my attention, in county government review in eastern Ontario, that if they had more and better roads, you would bring more Americans in through New York state. Have you made a study in this area about the lack of roads in getting to the cottage area and recreational area in northern Ontario?

Mr. Stanton: Certainly, any part of the infrastructure that helps accessibility to and from the main markets assists tourism. I am sure the resorts and the destination properties in Haliburton would be overwhelmed if the government favoured, for example, the widening and improvement of Highway 35, which is the main corridor into the Haliburton and semi-eastern Ontario region. There is certainly a good corridor into the traditional Georgian Bay and Muskokas through Highway 400 and Highway 11, but, as you mentioned, this gridlock situation that is experienced in the urban centres is difficult to deal with.

In our own business, for example, we are offering packages now for winter weekends by train, including the cost of the train, which allow people in the negative aspects of winter to get on here at Union Station, and we provide all the ground transportation to and from. That accessibility component is starting to become a bigger part of the way Ontario resorts and destination properties are marketing their products, and we will see more of that.

In answer to your question, certainly, the better we are able to get roads in good condition, the more attractive we are going to be as a product overall, whether it be US visitors or whether it be overseas visitors.

Mr. Mackenzie: Just very quick questions. One is on increased foreign ownership—I am not thinking so much of individual properties, although I know that concerns people, as I am of foreign investment; is this leading to an increased level of foreign ownership? Does the issue of the potential loss of profits and capital out of the country go hand in hand with that?

Mr. Elmhirst: I do not think there is any question that the sale of the tourism plant to foreign investors is a concern to the industry. There is no question of that. It is not an issue that we are dealing with or approaching directly, but rather asking that the assistance that has been given to Ontario businesses to compete with that foreign investment be continued and expanded.

Mr. Mackenzie: That may be one of the strong points in your presentation. You say that for every dollar in government loans, there is a generation of a dollar in private investment. I take it there is accuracy and verification of that figure.

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Mr. Elmhirst: Yes, there is. That is government guarantee, not government loan. TRIP guarantees a loan from a traditional lender, so in fact, the only cost is the interest subsidy.

Mr. Mackenzie: I raise that with you simply because the usual defence of tax breaks is as a means of stimulating investment. A number of academic studies have shown that we have given up far more than we have received. The recent study by Douglas May of Memorial University of Newfoundland in St. John's found that for every dollar given up in corporate tax breaks, only 21 cents' worth of new investment was being produced. I would say that if your industry is the obvious exception to that, then there may be some real validity in the argument you are making.

Mr. Elmhirst: It has been more this program than the industry in general. This particular program has been a winner for the industry and government alike.

Mr. Mackenzie: It sounds like a winner, as against a nonwinner, as far I can see, if these studies are accurate.

Mr. Elmhirst: The numbers have been provided by the Ministry of Tourism and Recreation.

Mr. Mackenzie: You are opposed to a national sales tax concept, I take it from your brief.

Mr. Elmhirst: The industry is concerned about the impact of the national sales tax on our sector. Obviously, discretionary spending can be affected by this sales tax, and I think there is no question that our sector would be hurt by a national sales tax.

Mr. Mackenzie: The final question—I do not know how to put it without its seeming to be a shot at your industry; it is not meant in that respect at all. Some of us have serious concerns over the loss of the better-paying industrial wages and some signs that this has been really increasing in recent months. Your industry may be one of the saviours, but is it not accurate also that essentially it is a lower-wage industry than what we may be losing?

Mr. Stanton: That has been a traditional perception. Of course, we realize that does not help us in our recruiting efforts. That is for sure.

I might point out, however, that just recently, this past year, the Canadian Tourism Research Institute did a fairly exhaustive study on the outlook for compensation levels in our industry. In fact, where we are seeing provincial inflation levels of between four per cent and five per cent, the average expected increases in wage levels for 1989 ranged anywhere from 5.5 per cent right up to 12 per cent. In fact, looking at the reality of it, I do not know how other businesses are faring, but because of the shortage of labour in our industry, and we are responding to the levels of supply and demand, we are seeing levels of salary increases much in excess of those, in fact upwards of the double digits, 10 per cent, 12 per cent and 16 per cent. Certainly we are responding.

Mr. Mackenzie: One of the things that is obviously helping you as well is that the figures are going to continue to look better against lower averages in the country.

Mr. Stanton: Very much so.

Mr. Elmhirst: Supply and demand is forcing wage levels up. It is not unusual to find dishwashers and basic kitchen help earning \$12 to \$14 an hour in the city of Toronto, simply because they cannot find enough people to do the jobs.

Mr. McLean: Did you ever find out the reason that TRIP was cancelled? I brought it up in estimates, and I could not get an answer from the minister. It is one of the best programs I have ever known to take place in the province. I would like to know if you ever got an answer as to why it was cancelled at the end of 1988.

Mr. Elmhirst: My understanding is that at the beginning of 1987 it was reinstituted or given another two-year life, but it simply sunsetted and was not reinstituted.

Mr. McLean: I think if there is anything that this committee should do, it is certainly to recommend strongly that it be reintroduced, and the dollars, because I know of some facilities that have been updated and have provided excellent service.

Are you aware of any tourist centres on Highway 401 being closed or of any cutbacks in the funding for them by the Ministry of Transportation?

Mr. Elmhirst: My understanding is that the Ministry of Tourism and Recreation's concentration on the tourism information centres is being centred at the border crossings and that certain of the Highway 401 information centres are being offered to local tourism groups to operate or staff, but the ministry's efforts are being concentrated at the border crossing points.

Mr. McLean: Is your industry picking up on that? Do you feel that your industry would be involved in promoting the local organizations to take over, or are you recommending that the Ministry of Tourism and Recreation continue to look after it?

Mr. Elmhirst: We are in a somewhat difficult position with a question like that, because ACT was formed only to deal with basically the issues here. I have not heard a great deal of complaint with the move to concentrate the efforts at the border crossings. There has not been a large response to it that I am aware of. Bruce, are you aware of that?

Mr. Stanton: Not really, other than that in discussions with members of the marketing division of the Ministry of Tourism and Recreation, they indicate that there are some excessive costs related to operating the tourist information centres.

We are certainly in favour of expanding the budget of the Ministry of Tourism and Recreation to give us the best impact in terms of getting more people into Ontario, giving them better information, giving them better product. If part of that means expanding, if the research indicates that the visitor information centres are part of that, then definitely. But I think the revamping of these and perhaps assigning them to other regional groups to operate may in fact be a temporary cost-saving move. As Peter mentioned, we have not heard a great outcry from members pertaining to that issue.

Mr. McLean: I have a final question, and it has to do with the sales tax, the increase to eight per cent. It is my understanding that your industry

can rebate to people from the United States or other countries. From what percentage would there be a request to have them rebated? I am talking about revenues for the province now. Have they increased drastically? Are there a lot of people who do not ask for the rebate, which goes into the coffers of the government?

Mr. Stanton: As far as I know, of the actual properties that I am familiar with, most of us do it automatically. In fact, because the service is available, we do not wait for the US visitor to ask. We say, "You are entitled to a rebate of a portion." It is not all of it. Our actual retail sales tax rate on accommodation is five per cent and they can get back three points of that five per cent, so they in fact pay two per cent. We have them sign the forms. We submit it on their behalf and the cheques are issued to them when they get home. It is seen as a very generous and good move on the part of Ontario to do that.

Mr. McLean: Does most business follow that practice?

Mr. Stanton: As far as I know, they do.

Mr. McLean: Thank you.

Mr. Pelissero: Thank you, gentlemen, for your presentation today. As a former parliamentary assistant, I think it just highlights to the committee, as well as putting on the record, some of the importance that tourism plays in Ontario, recognizing that importance and the contribution that it makes to the economy in terms of tax dollars.

I have a statement first with respect to lower wages. My office has been in contact with some of the industry in Niagara Falls. In fact, Peter, you are right that it is a question of supply and demand. I know a number of the tourism operators in Niagara Falls are putting on an open house to attract students, and not at the \$4.50-to-\$5 range but, as you say, at the \$10, \$11 or \$12 range in some of the sectors.

You touched briefly in your presentation on the national sales tax. Perhaps you could expand on that. If the Minister of Finance does in fact move ahead with it and broadens the base, what would be the impact on the tourism industry? Second, maybe tied to that is the value of currencies and the impact it has on attracting individuals to Ontario. Maybe third, and as important, what can we do to keep more people in Ontario, resisting some of the temptations to go elsewhere for their holidays?

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Mr. Elmhirst: From the sales tax standpoint, very simply the move is to shift the burden of taxation from the manufacturing industry to the service industry—and that is what we are, the service industry—so we become federally taxed where we never were before. We also depend on people's discretionary spending, and if they are paying more tax dollars, we are going to suffer; there is no question.

It is the leisure industry much more than the business travel that is going to suffer. A businessman who has to attend a sales meeting or conference or whatever is going to absorb the tax much more quickly than a vacationer who is planning his family vacation or getaway weekend.

Currency values are probably the biggest volatility in our industry. At

my own particular property, we will do about 35 to 40 per cent of our business this summer out of Germany and Switzerland and the United Kingdom. We have approached that rather specific market through float-plane flying. It is illegal over there, and yet it is a part of the dream of a pilot to experience float-plane flying.

A year ago the Swiss franc was selling for C\$1 and today it is 76 cents Canadian for the Swiss franc. That is a changing currency that we are not even generally aware of, and yet the cost of my package in Switzerland has gone up significantly in this past year and it will impact directly on the number of people from that market. US exchange is the same, although it does not travel with the same volatility that a lot of the overseas rates do.

As far as more people in Ontario is concerned, we have to keep our product competitive. We have to have an experience that people wish to stay home for rather than travel outside of Ontario to achieve. The only way we can do that is by developing new product and new packages, both physical and actual entertainment products. That is why the tourism redevelopment incentive program is so necessary for us to remain competitive.

Mr. Chairman: Incidentally, our agenda today shows nothing for 10 o'clock. The reason for that is that the Ontario Association of Alternative and Independent Schools cancelled yesterday. Unless I hear objections, we will continue on until we become aware that one of the other groups is ready to start.

Mr. Morin-Strom: Thank you for your presentation this morning. One of the issues that has been brought up by a couple of the questioners so far has been the level of wages in your industry. I guess related to that as well would be the types of jobs in the industry. I see you have a listing of the amounts of employment in various regions of the province on page 2 here. I wonder if you could tell us what the breakdown is in these employment levels between numbers that are full-time jobs, year-round, versus seasonal jobs and versus part-time jobs.

Mr. Elmhirst: I certainly will send you a complete breakdown of that. Frankly, I cannot give you that answer.

I guess there are a couple of things I would like to expand on. Our industry does have some low-wage earners. However, Bruce's business, for example, sends a van out around the area of his resort northwest of Orillia after the school buses pick up the children each morning, picking up mothers to come work in the housekeeping and kitchen and those areas of the business, and returns them home before the school buses arrive in the afternoon.

Without his business, where would those people be employed at any wage? Many of the people who are employed at these lower rates that are being quoted back to us are unskilled people who have very limited hours of work and are part-time by their demand as much as by ours.

Mr. Stanton: I just have a couple of points to add there. We often get tagged as sort of a minimum-wage payer, I think, and it does not really fairly represent our industry in terms of pay. I would like to make it quite clear that we are finding probably fewer than 10 per cent of the people employed in our industry actually receive minimum wage. Even that is a misnomer, in the sense that usually minimum-wage earners are the ones who get the highest tips, somewhere in the range of perhaps \$120 to \$200 a week. So the level of salary, in compensation, does not really properly reflect the actual earnings.

I might go on to say that entry-level positions in most of our properties—whether they be hotels, food and beverage or resorts—for post-graduate people are in the range of \$15,000 to \$25,000 a year. This would be for mid-managers; this has provided a great deal of opportunities for the hotel schools. Right now the hotel and hospitality programs in the province can barely keep up. There is fierce competition from the industry to get those people. It has put them in a very good position in terms of pay and salary benefits.

Where we had been tagged negatively in the past, the situation is coming to light very quickly. The cost of compensation, of course, is being borne on the operation, and that is just part of doing business as far as we are concerned. We have to pay to get and produce the product.

Mr. Morin-Strom: Certainly in northern Ontario, where I am from, tourism in recent years has been looked at by a lot of people as an area of opportunity for diversifying the economy, generating more jobs in the hard times of the early 1980s particularly. It has been heavily promoted by a lot of people in the government and particularly small-business communities.

However, as I sense public opinion, at the grass-roots level there is not a lot of support for the tourism industry. It is because people perceive it as being a low-wage industry, one in which they cannot support their families. At the grass-roots level, people are saying, "If all we are going to push for is tourism as the salvation, that is not a solution in comparison with what has traditionally been base wage in the resource sector, in the forest industry, mining industries and so on."

There is a problem, I think, in terms of generating broader support for your industry, unless you can demonstrate the kinds of wage levels and that employment in the industry is not just part-time or seasonal, but in fact is going to generate full-time employment.

You say you have recently done a study on wages and employment in the tourism industry. We wonder if we could get a copy of that study for the committee. I think it would be helpful to all of us in terms of better understanding the impact of the industry on employment in the province.

Mr. Stanton: Just a real-life example here—and I do not mean to keep going back to our own business—but in 1979, our company, located in north Orillia, employed approximately six people on a year-round, full-time basis, mostly family members. Through three successive TRIP loans, our business increased its income threefold, to the point where now, in 1988, we employ 25 people on a year-round, full-time basis. These are families which are from a broad base of community ages and backgrounds.

It is through that kind of development—and I appreciate what you are saying because we deal with that reality of our impressions as well—that in fact, in terms of providing real, full-time, gainful employment, the development of the tourism industry has come a long way in the last decade. A great deal of that has been through the developments accessible to us through the TRIP program. I think Mr. Elmhirst wanted to add a point there.

Mr. Elmhirst: There are a couple of things I would like to say. A lot of people have old biases on this. A lot of people, when they were going through school, worked as waitresses or dock boys at a camp, and a lot of their impressions were formed a generation back. Things are changing and they are changing quickly. However, to suggest that the wage rates in the industry are going to shoot up artificially, it just is not going to happen.

1020

It is a very competitive field price-wise. We have high fuel costs, we have high liquor costs, we have all kinds of pressures that do not exist a very short distance to the south of us. Wage rates are going to be, for the large part, determined by competition and the competition in Ontario is very keen for labour.

Mr. McLean: What effect is \$1.25 going to have on your industry? I heard yesterday that the government is cutting off the \$1.25 below Muskoka. What percentage of tourism in Ontario is helped by the Ministry of Skills Development with regard to training people?

Mr. Elmhirst: This is the Ontario youth employment program?

Mr. Stanton: I would have to say, particularly for our smaller operators, that the youth employment program over the years has helped them offset not so much the cost of direct employment but helped with recruiting and training and employment costs in general. It certainly helps, but more recently we are seeing that because there is such a shortage of staff, due to all the factors that have been mentioned here today, we are having to increase our wage levels, hourly and salary, to levels we would not have considered even two years ago. It does help offset, particularly for the seasonal and for the three- to five-month operations.

I do not think it will create any restrictions or put up any barriers, because it is not there any more. I think employment will continue.

Mr. McLean: But in your area, how many people have hired those people over the last two or three years because of the incentive of \$1.25? Would there be several or would there be very few?

Mr. Stanton: I do not have the exact figures, unfortunately. Many of the properties I know use the program. As the program states, it is for new positions. On the average, I think the resort or the destination and food-and-beverage places perhaps employ an additional one or two positions. The problem now is that even if you do get the ability to fund or subsidize those jobs through the youth employment program, you may not find anyone to fill the additional jobs. It is not quite as big an impact as it was a few years ago.

Mr. Kozyra: I would like to focus on the Ministry of Natural Resources white paper that crown land is a development tool. I am sure your association and maybe your committee has had input into that as it relates primarily to northern Ontario, but southern Ontario is involved in it as well. What is your position on the use of crown land as a development tool as it relates to the selling off of cottage lots and to foreign ownership of those lots? Do you consider foreign ownership of those lots as part and parcel of the tourism industry, or once they own it do they become a home-grown aspect?

Mr. Elmhirst: I am a little concerned about a question like that because ACT is very focused in its attention or its intent. Certainly, land use is not one of the issues ACT is attempting to respond to.

Mr. Kozyra: Focus on the foreign ownership of a certain portion of that land, as it is used for sale.

Mr. Elmhirst: Being from Rice Lake in southern Ontario, there is

just no crown land left around me, so I do not feel equipped to answer your question. I would be happy to send to you some response from the Northern Ontario Tourist Outfitters Association; I am sure they have a lot of concerns in that area and would be much better equipped to answer your question.

Mr. Stanton: Some of our colleagues in the north would certainly be well apprised of that and would be in a better position to express an opinion.

Mr. Chairman: I think we have exhausted our questions and we thank you very much for your presentation. As always, we will consider it. We will be writing our report next week and releasing it some time later this month.

Mr. Elmhirst: We appreciate the extra time we received. If I can just say one thing very briefly, our concentration in the discussion on the tourism industry seems to have dealt with the smaller businesses. Please remember that the chain hotels and the airlines and the motor coach companies and a lot of very large companies are dependent on tourism and contribute heavily to it.

It is a difficult industry to focus on because of its diversities, but we appreciate your time and hope you will take our recommendations into consideration.

Mr. Chairman: We did touch on Eastern.

We are going to take a break of about five minutes until the next presentation is ready to start. Do not go too far away.

The committee recessed at 10:26 a.m.

1030

Mr. Chairman: We will get started again. We welcome the Association of Municipalities of Ontario, represented by the president, Mayor Stephen Clark of Brockville, the first vice-president, Alderman Grant Hopcroft of London, and the co-chairman of the fiscal policy committee, David Hipgrave. Gentlemen, we have about half an hour. We are just in receipt of your brief. Perhaps you would like to open and leave us ample time for questions. This committee loves to ask questions.

ASSOCIATION OF MUNICIPALITIES OF ONTARIO

Mayor Clark: Certainly Mr. Hopcroft, Mr. Hipgrave and I are very pleased to be addressing your committee. With us as well is the executive director of our association, Mac Dunbar, and our director of policy and legislative services, Beverley Allen.

Our association represents approximately 700 member municipalities. We appreciate the opportunity to appear before the standing committee on finance and economic affairs. Our appearance before this committee is certainly a regular event, but this year it takes on added significance in light of a number of announcements from the provincial government which impact heavily on the collective ability of municipalities to absorb the financial impacts arising from the announcements.

More specifically, our association is becoming increasingly concerned with what appears to be the desire of the provincial government to more fully utilize the property tax base, the debt capacity of municipalities and the

access created by municipalities to let levy revenues as a means of gaining the increasing array of costs which formerly have been met from the broader provincial tax revenue base and which now are being transferred to municipalities.

Our association has serious doubts whether these municipal revenue bases can absorb the increased costs without taking into account the perception of inequity that will arise out of these transfers. There are a number of immediate concerns which we would like to address in this presentation and seek some alleviation from.

As you already know, a number of municipalities will be seriously affected this year by the freezing of unconditional grants and the flat-lining of road and transportation funding. Our association recognizes that the circumstances in each municipality are often unique. However, arising out of them, we as an association have recognized and agreed that the formula used in determining grant support is in urgent need of review. On the other hand, however, it is felt to be totally unfair that a number of municipalities which are heavily dependent on the unconditional grant income should be denied any improvement in the levels of granting from the source.

In this respect, our association requests the government to reappraise its position and direct more assistance to those municipalities. Our request is looked upon as a need. It is an emergency measure which in no way detracts from the overall concern of our association that the existing grant formula be revised, and more particularly, that the association be immediately apprised or involved in the development of a strategy to increase the total funding available through the unconditional grants and the transportation grants in 1990 and succeeding years.

Our association is dedicated to assisting the provincial government in assessing the equity of these grant programs and is committed to modifying the guarantee features that have often prevented more equitable distribution of grant moneys flowing more quickly to needy municipalities.

Our association perceived that the provincial government believes there is a need for financial restraint at its own level and accordingly has introduced a number of measures to contain the pressures which are now falling on its own revenue sources. The diversity of our association's membership makes it difficult for municipalities to quickly come to the same conclusion. In this situation, it is more important than ever that the provincial government share its thinking and concerns with our association.

Our association does not disagree with the provincial role in setting priorities. On the other hand, our association does strongly disagree with the municipal sector being placed in the front line of accountability with respect to the raising of moneys for these priorities.

It must be clear to the provincial government that while municipal grants are being cut, it is somewhat unrealistic to expand cost-share programs and expect municipalities to come up with the mandatory contributions to meet these higher levels of service.

As we believe a former secretary to the treasury board of the United Kingdom once remarked, "Property taxes often reflect the howling point." This association feels that the present trend, if not reversed, will certainly bring us closer to that howling point. Our association detects a new year dawning in respect to intergovernmental finances and a subsequent need to look

very closely at how the contributions at each level of government should and can be raised.

The pressures building on all levels of government dictate that the viability of funding sources open to the most junior level of government must be reviewed and changed to meet this new environment.

The flow-through role of local government and its direct interface with the electorate suggest that its accountability levels are the greatest. Accordingly, it is essential that whatever revenue bases are open to local government should be reserved for its purposes alone. This should go hand in hand with school boards no longer having access to the property tax base, and certainly not having their powers extended to use lot levies. The latter source of revenues used for infrastructure needs is not a cash cow and if abused could have grave impacts on the housing policies of the provincial government.

I would like to call on my two colleagues to bring more scenarios and more information on some tax shifts. First, I would like to call on Mr. Hopcroft to bring forward some points.

Alderman Hopcroft: As our president pointed out, we are concerned that provincial government responsibilities are being shifted to the municipal sector. The list is one that seems to grow year by year, but for the sake of brevity, AMO will highlight only a few of those shifts of responsibility here today.

One of the first, and it deals with a bill presently being considered by another committee, is Bill 187, the Police and Sheriffs Statute Law Amendment Act, which is being reviewed. This will cost several of our municipal members additional moneys to provide court security.

The city of Peterborough, for instance, will have to commit an extra \$204,000 per year in additional staffing if this bill is passed as presently proposed. The city of Sault Ste. Marie will have to add \$400,000 to its 1989 budget to accommodate the changes in that bill, and the Metropolitan Board of Commissioners of Police will have to add \$7.5 million to its 1989 budget if the bill is passed in its present form.

I am sure we all support the objectives of the municipal-industrial strategy for abatement. However, we are concerned that the responsibility for monitoring and regulating industrial discharges in the sewer systems will become the responsibility of the municipal government. The financial resources to carry out the program are not being provided, yet liability and higher fines for noncompliance will become a municipal responsibility.

Again using the city of Sault Ste. Marie as an example, it has indicated it will cost an initial \$50,000 to develop a program, another net cost of \$50,000 for capital equipment, plus an annual operating budget of \$165,000 to \$225,000.

In my own municipality, the city of London, we estimate it will cost an additional \$550,000 per year for monitoring only, and the capital cost is in the millions of dollars.

General welfare assistance is another program area where we have concerns. In 1988, the Minister of Community and Social Services (Mr. Sweeney) announced enhancements to the welfare rates. Of course, there is a municipal

impact to these changes. While we do not dispute the benefits to society of welfare system improvements, we do dispute the increased responsibility and the increased reliance on property tax dollars to finance these improvements.

We are aware that further enhancements are being contemplated as part of the Social Assistance Review Committee report. In fact, there is pressure on the government from a number of sectors for these changes to be implemented. We are very concerned that changes will occur in the 1989 budget year, after most municipalities have already adopted their 1989 budgets, making it very difficult to complete those enhancements to the program without cutting other programs, with our mill rates already having been adopted.

In the roads area, and I understand you will be hearing from the Ontario Good Roads Association shortly, we are concerned, as municipal roads assistance is funded at only the 1988 level of \$678 million, that municipalities will be faced with spending additional 100 per cent municipal dollars to make up for limited support.

For example, in repairing its 1989 budget, the city of Kingston had to provide additional revenue in an attempt to reduce its capital works backlog. In addition to their normal mill rate increases, they will be adding three per cent this year, six per cent in 1990, and an additional nine per cent in 1991 to address these needs.

The county of Peterborough, as another example, will be levying an additional 16.6 per cent from its area municipalities to make up for lost funding under the roads grant and unconditional grant program.

The county of Brant, as another example, has lost \$209,000 in roads funding for 1989, and with their only other revenue source being the local property tax base, which has already been increased to meet other program needs, they have no alternative but to decrease roads maintenance and construction.

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In the area of lot levies, the association does not support the intrusion of the provincial government in the green paper into the lot levy field. The proposed reduction in the Ministry of Education's cost-sharing formula for capital assistance from 75 to 60 per cent is an intensification of transferring legislated provincial responsibilities to the municipal revenue base.

There appears to be an assumption by the province that the reduction in provincial funding will be taken up by lot levies. As many municipalities do not now use lot levies, this leads one to conclude that the province is encouraging school boards and municipalities to enter into the field where they have not previously done so.

Increased levies to compensate for decreased provincial funding and new lot levies for school capital run completely counter to another policy direction of your government, which is more affordable housing. With lot levies constrained by the market and with reduced provincial funding, the achievement of affordable housing becomes even harder.

I would like to conclude my remarks with some sample impacts of provincial program shifts, some of which have been mentioned, some of which I have not mentioned.

In the city of Kirkland Lake, for instance, the provincial impact on its levy base will be 10.2 per cent of its total levy, a per household impact of \$69, a total impact in that municipality of \$614,000. I understand that when they are facing some mine closures, that is going to be even harder felt in that particular community.

In the city of Sault Ste. Marie, the impact on the levy will be 7.8 per cent, a per household dollar impact of \$59; the region of Sudbury, 11 per cent of its levy, \$36 per household; and the city of Guelph, another example, 3.8 per cent of its levy, \$45 per household. We are talking in each of those cases in the millions of dollars.

I would now like to call on David Hipgrave to complete the presentation.

Mr. Hipgrave: AMO is concerned that the public finance system is being jeopardized by certain unilateral actions of the province with respect to current cost-sharing arrangements, devolution of responsibilities without appropriate funding and new initiatives without funding.

A municipality's ability to react is extremely limited and constrained. Property tax is a regressive tax and municipalities must share this tax resource with education as a source of revenue. Currently, municipalities have little or no room to manoeuvre within their revenue alternatives.

As the provincial Treasurer (Mr. R. F. Nixon) has stated: "The province is in a period of financial restraint. It is therefore extremely important that provincial tax dollars are allocated in such a way as to support provincial priorities."

Indeed, it would appear that municipalities are not high on the provincial list of priorities. As our statistics would indicate, the share that was allocated to municipalities over the period from 1977 to 1986 is declining as a proportion of provincial expenditures, from approximately 12.5 per cent to a current figure in the range of 10.5 per cent, a two per cent shift.

As well, over the period from 1974 to 1978, through the Edmonton commitment, the province shared its revenues with municipalities. However, since 1982, increases in transfer payments to municipalities have lagged increases in provincial revenues by about four percentage points each year over that period to the current time.

With respect to the unconditional grant situation, unconditional grants are the only revenue source that provide municipalities with some flexibility in the system as they are not tied to specific programs. With the shift in transfers towards cost-shared programs, unconditional grants provide the revenue source to offset these increased costs of cost-shared programs.

However, since 1978, increases in unconditional grants have lagged increases in municipal expenditures, the latter being at approximately eight per cent per year whereas transfer to municipalities through the unconditional grants program have averaged in the area of a four per cent increase each year.

With respect to municipalities' fiscal capacities, the notion currently seems to prevail that municipalities have more fiscal capacity than the province to bear the costs of these new or enhanced programs. The Economic Outlook and Fiscal Review, Ontario published in 1988 states that, "as a group, municipalities are in a better position than the province with respect to

their debt burdens."

An analysis would indicate that outstanding debt as a percentage of current revenues has been cut by more than half from municipalities over the past 10 years, whereas the provincial debt outstanding has remained over 100 per cent of current revenues over the same period. This would indicate that the municipalities have improved their debt situation. However, it should be considered that municipalities are not permitted to borrow for operating expenses.

Municipalities are restricted by Ontario Municipal Board guidelines in their capacity to assume debt by keeping their debt servicing below 20 per cent of their budget. Moderate mill-rate increases, however, and municipal-debt reduction are the result of sound management practices and the legislative requirement to balance the budget. Municipalities should not be forced into a different course of action in this regard through a provincial action.

The Association of Municipalities of Ontario believes that what is needed is a co-operative effort in facing a very serious issue in the public finance system as it is today. Thank you very much, Mr. Chairman.

Mayor Clark: May I just conclude our presentation? We have two recommendations, Mr. Chairman and members of the committee, from AMO. The erosion of municipal revenue, in our association's opinion, must stop, and, as Mr. Hipgrave said, we are certainly able and willing to sit down and co-operate on a new approach.

Our two recommendations in our brief are that we wish the government to provide an economic increase in the unconditional grant program for 1989, so that municipalities can have some revenue capacity to respond to the growth in conditional programs. Further, we request an allocation of five per cent to the \$871 million level, which in essence is a \$43 million increase, so that the formula can be allowed to operate in avoiding a catch-up in future years.

Secondly, that we, as an association, would like to work with the government and establish a provincial-municipal review on financing in the province. I must add that while the Ministry of Municipal Affairs has agreed to a review, our concern, quite frankly, is that a review may be limited in scope. We would like the review to basically deal on a global basis with provincial-municipal finance. Thank you very much, Mr. Chairman.

Mr. Chairman: Thank you very much, Mayor Clark. I appreciate your conclusion and particularly the tone of your last recommendation. Thank you.

Mr. Morin-Strom: Thank you, gentlemen, for your excellent presentation. Certainly the facts that you have presented here clearly demonstrate the passing of the buck that is going on from provincial government down to municipal government. The illustrations that you have provided, including those from my own community of Sault Ste. Marie, do illustrate the kinds of problems that are being faced by local government.

I would like to ask whether you might have some suggestions regarding the whole issue of tax reform. You seem to be left out in the cold here while the federal government is the prime mover and the provinces are having some input, in terms of where tax reform is going, particularly now with respect to national sales tax.

We see the federal government cutting back and shifting financial responsibilities to the province, in terms of cutbacks and transfers, and the province is doing the same things with municipalities.

Have you looked at the possibility of a different form of taxation being given to municipalities, particularly recognizing, I think, what is generally accepted by the vast majority of people in the province, the regressive nature of property taxes? Would you be receptive to looking at an alternative form of financing at the municipal level and the possibility of municipal income taxes as an alternative to property taxes?

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Mayor Clark: I think, as an association, we believe that the whole issue is a very broad issue and, as an association, we know that our various committees and member municipalities have expressed a strong urge to look at provincial-municipal financing in a very global perspective.

Quite frankly, our problem with some of the committees and some of the suggestions that have been proposed is that it is difficult to comment until we get something down on paper on the terms of reference. We are willing to sit down and talk about the future of provincial-municipal finances and provincial-municipal relations.

But there are many views and many approaches that have been proposed, as I mentioned, by even the Ministry of Municipal Affairs. We wanted to bring forward our concerns on the shifting aspects, and we look forward really to sitting down and talking about future committees or a future strategy that we can work on at the provincial level.

The committee, with Grant Hopcroft as co-chairman of fiscal policy and David Hipgrave, has talked on a number of occasions on different approaches, and perhaps Grant can address your question as well.

Alderman Hopcroft: The question is one that we, as an association, have been grappling with over the last year. We have, in fact, our own internal review of transfer payments going on at the present time. While we, I think, would agree that the province already has the framework in place to collect income taxes, sales taxes and other taxes, I think we would be looking at the nature of enhancements to the transfer payments that are already in place; in some cases, enhancements to the conditional grant formula, to address problems of adequacy as to amounts or what we perceive as inequities as far as the level of provincial support; in other cases, an enhancement of the unconditional transfer payment system in place, perhaps, of some conditional grant programs that are no longer performing a useful role as far as accountability between the province and the municipal sector.

Personally, I would see some enhancement to transfer payments. I would see the province as being the appropriate level of government because of the bureaucracy that is already in place to collect those taxes.

Mr. Morin-Strom: In terms of the relationship that is going on between the federal and provincial governments regarding the national sales tax: If the provinces opt in, the provinces, at least, will have some leverage there and some say in what the revenues are because they can set their own percentage on that. Even if it is collected on a national basis, they can set their own percentage for the provincial portion.

It would seem that one of the problems with the kinds of transfers you are getting is that they are completely at the discretion of the provincial government, and you do not have any control on the level of revenues. Would it not be to your advantage to have the possibility of setting a municipal level, in terms either of a sales tax or an income tax rate, and adding on to a scheme that is being collected on a broader basis, as a more progressive alternative to the property tax system in the province, particularly in terms of the income tax?

Alderman Hopcroft: Certainly, in terms of there being a dedicated tax, for instance—such as a percentage of the roads tax collected being transferred to municipalities—on a province-wide basis I do not think we would have any problem with that. But to say, for instance, that the tax on gasoline collected within a certain municipality would be retained at a certain percentage simply would, in our view, be unworkable, because some municipalities have a number of people shopping in them from adjacent municipalities and there would be problems with transfer between municipalities.

So I think we would see, as an association—and again, we are still working on this process—there being an allocation through the provincial government. However, we would like to see a formula put in place after consultation and a formula the province is prepared to stick to. We thought we had a formula with unconditional grants. With the freeze this year, that formula has not been allowed to run. In the per-household growth rates, for instance, in the metropolitan area of the city of London, the dollar amounts in that per-household grant have been frozen. So the growth in households has not been compensated for in the transfers that we are getting this year. We think the formula has to be there and has to be lived up to by both sides.

Mr. Chairman: I think, though, Mr. Morin-Strom's question is, would the city of London like the discretion to add to the income tax with the mechanism in place at the provincial and national levels?

Alderman Hopcroft: I think the answer would be no. Because you would have such a hodgepodge of differing taxes around this province, it would cause a lot more problems than it would solve. I think we see the proper level, for instance in income taxation, being at the federal and provincial levels with suitable means for transferring that in an equitable fashion to the next level of government.

Mr. Morin-Strom: So you agree that property tax is an appropriate way of taxing people in Ontario and should continue as a major source of revenues for municipalities?

Alderman Hopcroft: We feel the property tax, as you have said, is a regressive tax and we feel very strongly that we need the income tax the province collects to supplement our revenue base, through the transfer payment system. We have some problems with the existing system. We would like to see that reformed. That is why we have made the second recommendation, but I really do not know if I can add very much to that.

Mr. Hipgrave: Just to add to that, as I indicated in my remarks, over the period from 1974 to 1978 the province did in a way share revenues with municipalities, in the sense that revenues were guaranteed at the rate of growth of provincial revenues. In one form, I guess that was a more progressive sharing, in the transfers being guaranteed at the rate of revenue increase of the province. I think what is being said is that while we

recognize that property taxes are the stable tax component, the other portion, transfers, needs to be more progressive and tied to the other revenue sources.

Alderman Hopcroft: If I can add just one final point to that, a number of the programs we are presently cost-sharing with the provincial government are really income redistribution programs, such as general welfare assistance. We contribute 20 per cent, the province 30 per cent and the federal government 50 per cent. It has been our position for quite some time that we feel it would be more appropriate for the income tax to support that more than it does now and that it is not appropriate for the property tax to support it. To that extent, we agree that income tax is more appropriate, but collecting it at the municipal level is not the answer, in our view.

Mr. Cleary: I would like to thank you for your excellent presentation. Having been a municipal politician for many years and a member of your association, there is maybe one thing I should ask, which you could help us with. Where do you feel we could save money, and what ministry or what part of government might be able to consider some of your needs?

Mayor Clark: Our association has on a number of occasions given an indication to the government of areas where we feel we can take over further responsibility. Just last year, for example, at our cabinet submission we mentioned a number of areas we felt we should get into a dialogue on with the province. The committee we are proposing would look at the relationship of the province and municipal governments on financing in general.

If you have some fairly defined terms of reference and a good working group, then I think it can assist with some of the points you are asking, Mr. Cleary. I think we have to establish a relationship and work it out jointly. That is one of the key areas our association has been pressing for and certainly wishes to have done this year, given some of the decisions that have been made. I think the place is the committee level.

I can give out some suggestions and I am sure Mr. Hopcroft and Mr. Hipgrave can as well, but I think we are trying to be objective and look at the broad approach. Let's sit down and discuss it.

Mr. Cleary: It might be helpful, since this committee is going to be writing a report, probably starting this afternoon and next week, if we had it on the record.

1100

Mr. McLean: Looking at your two recommendations, Mr. Clark, I find it rather odd that the Association of Municipalities of Ontario has to come before this committee asking the province to sit down in order to be able to talk to it. Have they ever asked you for any information on any program they have implemented within the last six months?

Mayor Clark: We have been given an opportunity to comment on certain programs. On the unconditional grant announcement, on the decision to throw that particular formula out the window, I took over as president on December 8, I believe, and on Monday I received the information on the unconditional grants and the road subsidy, so that is an example of one of the decisions. I think that has spurred on our association to again ask for an appropriate vehicle where we can sit down and talk about decisions like that one before it occurs.

Mr. McLean: In your own association, do you have a provincial liaison committee that mainly deals with and monitors what government is doing?

Mayor Clark: No. Our executive committee meets from time to time with our minister and other ministries on provincial-municipal issues. We do have a formal framework for provincial-municipal consultation.

Mr. McLean: Have you not had any input at the Ministry of Municipal Affairs with regard to the grants you have been allotted?

Mayor Clark: Our fiscal policy committee, on a number of occasions over the years, has given opinions on behalf of the association regarding grant programs.

Mr. Mackenzie: To go back, in a little different vein I guess, to the question my colleague was asking, one of the problems we have had in this committee again this year is the Treasurer (Mr. R. F. Nixon) meeting with this committee at the early stages and telling us that anybody can come in with a shopping list. Most of the groups coming before the committee are doing exactly that, but few of them have any specific recommendations in terms of raising revenue.

I am not sure that enhancing the grant formula qualifies as a new recommendation. I guess that is why we have some concern over what might be potential tax reform measures and the fact that some of the organizations, like your own, simply are not really making them. Do you feel that is out of your purview? Is it something there has been any real discussion on in AMO?

Mr. Hipgrave: There have been a number of committees, as you may be well aware, on tax reform over the years and a number of studies on tax reform that have been done over the years, referring all the way back to 1967, for example, to the Smith committee on taxation. Over the years, these committees have looked at income tax and other sources of revenue.

I guess the concern now is that we would like to sit down and begin discussions in those areas as to what may very well be appropriate to look at, options of that nature and others within the current formula and possibly changes to the current formula, because there are some problems within the current formula. The only way to address—

Mr. Mackenzie: It becomes obvious, as well, with a brief like yours that we are going to have to find some way you know what the revenue is going to be, whether there is any way you can be guaranteed the additional costs and whether we can do it in some fairer way than we are doing it, simply from property taxes.

Mr. Hipgrave: We would certainly welcome the opportunity to sit down and discuss those kinds of options.

Mr. Mackenzie: The other thing is that I wanted to get your reaction on the Social Assistance Review Committee report, which has probably been the main topic at these hearing for two to three weeks now. The majority of that is a response to the housing crisis in terms of the poorer or lower-income people. I wonder if you have any position at all on ways we might take some of the heat out of the housing market. I know most people say it is more Toronto, but there is evidence it is not. Have you taken a look at tax reform in this

area or a speculation tax or some measures to prevent the flipping of properties that is going on?

Alderman Hopcroft: I think that as an association we would support some of the measures that have been taken by the government already in trying to take some of the heat off of the Toronto area by decentralizing some of the ministry operations. Perhaps that could be extended to encourage some of the major employers in the Toronto area to consider decentralizing their operations as well. Housing is much more affordable the farther you get away from Toronto. By encouraging regional offices and that type of enterprise in not just the government sector but the private sector, I think there would be some relief.

As far as a land speculation tax is concerned, the association has no formal position on that. We realize it is something that surfaces from time to time, but in many cases causes as many problems as it solves.

Mr. Mackenzie: So your association has no position that would favour any kind of spec tax.

Alderman Hopcroft: No. It has not been discussed by our association.

Mr. Mackenzie: What about the national sales tax?

Alderman Hopcroft: We have been very concerned what the impact of the national sales tax might be in terms of increased expenditures at the municipal level. We have been assured by Mr. Wilson, I believe through FCM, the Federation of Canadian Municipalities, last year that the national sales tax would not have an adverse impact on the overall sales tax burden municipalities are presently carrying. We hope he sticks to that.

Mr. Mackenzie: It would seem to be relying an awful lot on faith in some of these measures.

What about the lot levies? Is your opposition to them based on the fact that you have some authority there now and you do not want the school boards to get into the act, or is it a basic position that opposes lot levies?

Alderman Hopcroft: It has been our association's position for many years that more of the education burden should be carried through the income tax as opposed to the property tax. In being consistent in that position, we feel that the lot levy legislation, the lot levies that are presently being gathered and collected by municipalities, are meant to address municipal needs.

It is one of the few revenue sources we have aside from the property tax base and transfers. It is a way of addressing the incredible demands that growth is placing on some of our communities, especially when you consider the decrease in some of the conditional formulas for capital improvements such as roads. As provincial support has decreased proportionately, we have seen an increasing need to rely on lot levies to deal with those growth-related demands that the property tax base alone cannot carry.

Mr. Mackenzie: Finally, does your association have any position on the Thomson report, the Social Assistance Review Committee recommendations that, as I say, have been the centre of attention in this committee?

Mr. Hipgrave: We have a subcommittee that is currently dealing with

that issue but has not finalized its response yet. I cannot comment other than that.

Mr. Mackenzie: With the kinds of costs that are associated with it, which most people argue have a payoff as well, we are talking about \$300 million or \$400 million. That has not yet brought you to the position where you would oppose it? You are in the process of studying it?

Mr. Hipgrave: We are in the process of studying it and we realize that as part of those recommendations, there are to be no windfalls to municipalities in that regard.

Mr. Chairman: Will we be hearing from that subcommittee in the near future, do you know?

Mr. Hipgrave: I believe the timetable is such that something will come forward by the summer.

Mr. Mackenzie: It will be a little late then.

Mr. Ferraro: Gentlemen, thank you for your presentation. I want to echo the chairman's sentiments too. I think you present such a co-operative agenda for the two levels of government to enhance. I think it is safe to say, and hopefully you would agree, that on some issues the government of Ontario has consulted to a tremendous degree, perhaps too much, dare I say—for example, from a political point of view, the Sunday shopping issue is a case in point—and perhaps not enough in other areas. I think the suggestion of refining or redefining that point of co-operation is an excellent one.

Let me ask you a couple of questions, however. Has AMO taken a position, for example, just to set the table a little bit, dealing with affordable housing?

One of the problems in many of the fast-growing communities, and mine is a case in point, is that there is money available for affordable housing, but there is no zoning. We have the not-in-my-backyard syndrome. I think that is prevalent, quite frankly, in many communities, or indeed you have a situation, notwithstanding that I am a strong free-enterpriser, where the land is in the hands of too few, if you will, perhaps from the cost standpoint, so that not many lots are coming on the market.

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In that regard, has AMO ever tossed around the idea of buying land for residential purposes, just as you, municipalities, do now for industrial purposes? The question is twofold, essentially. Have you dealt with the not-in-my-backyard syndrome or tried, from your perspective, to speed up the rezoning process for affordable housing? Second, have you ever considered buying residential land, particularly in the high-growth areas, just as you buy industrial land?

Mayor Clark: In terms of streamlining, last March, I believe in Perth, we gave the Premier (Mr. Peterson) a commitment that we were willing to sit on a committee to look at streamlining the approval process. Certainly, in that regard we have been working on that issue.

In terms of buying up land for residential purposes, I am not sure of the particular position our association has taken on that issue. I am not sure

whether we have taken a formal position regarding the purchasing of land for residential purposes, so I am sorry but I cannot answer that question.

Mr. Ferraro: The second question I have pertains to the green paper and the discussion on lot levies on page 7. Again, most people in this room, particularly the representatives of AMO, are fully aware that we have increased capital funding and operating funding as one of our priorities in education, second only to health care, since we came to power.

Capital funding is, as you know, \$300 million, over 300 per cent from the 1984-85 allocation, I believe. We have said we are going to continue that \$300 million. Indeed, with the proposal for the lot levy discussion, what we would be doing essentially is giving the option to school boards to get a piece of the pie, quite frankly, that municipalities have been getting for years. A case in point: Mississauga has over \$300 million in lot levies in its bank account. A case in point: The city of Guelph has undervalued its lot levies, so much so that it is proposing and indeed will implement a large increase.

The point I am getting at is that you refer to our proposal for discussion on lot levies as an intrusion of the provincial government. I acknowledge that the Treasurer is saying, in essence, that our share of capital funding will go from 75 per cent to 60 per cent, but our gross amount will remain constant, so much so that the net result will be that we will produce more schools for our kids. Why is it an intrusion for the provincial government to try to leverage the limited amount of resources we all have by looking at the lot levy situation?

Alderman Hopcroft: Perhaps I can deal with the answer to that question. I have for several years now been on the lot levy working group that has been working under the auspices of the Ministry of Municipal Affairs. I think there is already concern in the community as to the impact of lot levies on affordable housing.

Mr. Ferraro: I understand that.

Alderman Hopcroft: The formula that has been proposed sets out a system by which a school board or two school boards jointly can pass a resolution without any consideration of the impact of that lot levy on affordable housing.

Mr. Ferraro: Excuse me for interrupting you, sir, but they are asking for the same thing that you municipalities have right now. Why should it be any different?

Alderman Hopcroft: They are asking for the same thing the municipalities have right now. The lot levy calculation we have right now would become subject, under the new proposal, to new rules as to accountability, which AMO supports and which I think everyone supports at this point. The review of those lot levies by the Ontario Municipal Board is a very important part of the whole structure that is being proposed.

Mr. Ferraro: I understand.

Alderman Hopcroft: There is concern. If I take my own municipality as an example, our lot levies are relatively low compared to places like

Mississauga. In fact, they are incredibly low compared to places like Mississauga.

Mr. Ferraro: Most are, comparatively.

Alderman Hopcroft: We have made a conscious decision in some areas not to collect levies to encourage different types of growth. We do not levy on industrial growth. I appreciate the education levy would only be on residential, but an impact of, for instance, a \$2,000, \$3,000 or \$4,000 levy being passed by a school board would, in turn, affect the ability of a municipality to use lot levies for its own growth purposes and its own economic development initiatives that it may have as far as encouraging particular types of growth in the municipality.

We are concerned as to the accountability with respect to school boards becoming involved in the process and also with respect to the fact that the provincial commitment to that funding is being proportionately lessened.

Mr. Ferraro: Let me see if I understand exactly what you are saying. You are concerned about school boards charging lot levies for their capital projects, essentially to create schools, from an accountability standpoint, but you are not concerned, from an accountability standpoint, about the ability the municipalities have right now to implement or increase lot levies.

Are you not saying "We're accountable. We've done it for years, and we're not sure that school boards are smart enough," even though they are supportive of the program?

Mr. Hopcroft: Not all of them. I understand, for instance, the Metropolitan Separate School Board said—

Mr. Ferraro: The separate school board said no. Right. But we had the association of public school trustees in the other day. They supported it—and I will qualify it—with some concerns. Nevertheless, they supported it.

Mr. Hopcroft: I think there has been a concern that the lot levy process that is in place now has not been as accountable as it could be.

Mr. Ferraro: I could not agree more, and I think that is part and parcel of why we are intruding, to use your word, into the lot levy field, to make some semblance of order out of it.

Mr. Hopcroft: We agree with putting some semblance of order in it; we do not agree with its being used to lessen the proportional provincial commitment to education financing. We appreciate the amount in absolute dollars is not shrinking, but the proportion is.

Mr. Ferraro: I appreciate what you are saying. Could I get back to the answer to my question, though, about the accountability? Are you not saying "We are municipal politicians"—and I do not mean to be argumentative—"and we can account for our increases in lot levies or charging them at all"? You are concerned about school boards, whose members are also elected officials, being able to account for their lot levies.

Mr. Hopcroft: We are concerned as to the ability of that revenue base being able to support a new player in the field. It would be like municipalities tacking on income tax.

Mr. Chairman: I have been letting this go on a little longer than normal because I think this particular dialogue is very valuable to the committee. I would like Mr. Haggerty, in the circumstances, to restrict it to one question with no follow-up, and maybe 30 words in the question.

Mr. Haggerty: We are getting into an area that touches close to the heart here.

On the matter of the extra activities that the province and the federal governments are shifting through here due to the transfer of payments and the reduction in this particular area, in the area of the Thomson report, or Transitions, you said you have not had an opportunity to review it in detail but the normal startup, the first phase of this, is about \$400 million. If I take 20 per cent of what it is going to cost the municipalities in this area, you are looking at a large amount of dollars.

In that Transitions report there is an indication that there are two levels of services provided to persons in unfortunate circumstances or on welfare or family benefits, which is the provincial scheme all the way. I think in my days in local government there were some discussions at the level of the Association of Municipalities of Ontario meetings that this should be totally the responsibility of the upper-tier levels of government.

Mayor Clark: There have been some discussions at the municipal level about a core level of programs being funded by the province and other levels, over and above those core programs, which would be funded 100 per cent by the province, would be dealt with on a municipal basis. There would be some municipal flexibility.

Mr. Haggerty: I was just wondering. At one time, it was suggested that it should be totally a provincial responsibility in this area, because there are the two services there.

The other area that is costing the taxpayer a huge amount to provide the service is in police costs. I do not have to tell you about the Niagara region and the difficulties and even the cost of policing there.

Mr. Chairman: The standing committee on administration of justice, though, is hearing a lot of input on that right now.

Mr. Haggerty: The area that I am concerned about is that much of the police cost today is for looking after Criminal Code violations. You get the traffic officers on the road, on the highway or something like that. But we are dealing with matters dealing with the federal Criminal Code. In other words, maybe the federal government should be having a bigger responsibility in this area.

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Mr. Chairman: The Constitution tells us that we have to pay for that. Section 9214 of the Constitution says that we have to administer the justice, even though the feds pass the Criminal Code.

Mr. Haggerty: Notwithstanding.

Mr. Chairman: I do not know if we have time to get into that.

Gentlemen, there is no question that the whole committee appreciates

your submission. It has been very valuable to have this dialogue. We are hearing a lot of complaints about lack of dialogue, and it crossed my mind—and this is simply off the top of my head—that it might be valuable for a liaison committee of the Association of Municipalities of Ontario to be meeting with a subcommittee of this committee, perhaps twice a year, simply to touch base to deal with concerns and complaints. I do not ask for a response to that; it is just a suggestion.

We appreciate your submission. It is obviously going to have some influence on us. I appreciate the tone of your submission and it is particularly valuable. We will be writing our report next week and releasing it later this month. We did let that go on a little long, but I think it was valuable.

The Ontario Good Roads Association is the next organization. Representing the association is Ken Boshcoff, the president. Mr. Boshcoff, perhaps you could introduce those who are with you. Your presentation is being distributed at the moment. Perhaps you could lead us through it and then entertain some questions. We did hear from the Ontario Road Builders' Association yesterday. You are perhaps aware of that.

Mr. Boshcoff: Yes, I did have a chance to go over its presentation.

ONTARIO GOOD ROADS ASSOCIATION

Mr. Boshcoff: With me are Len Rach, the director of engineering, department of roads and traffic of Metropolitan Toronto, and an OGRA director. To my right is Vik Sigailis, director of engineering for the regional municipality of Durham, and also an OGRA director. Also with us are Sheila Richardson, our executive director, and Diana Summers, our policy adviser.

On behalf of the Ontario Good Roads Association, we are pleased to be here today to discuss the issues that OGRA feels should be addressed in the upcoming provincial budget. OGRA is a municipal association with 750 member municipalities, both urban and rural, large and small. Municipal representatives who sit on our committees and the board of directors include both elected representatives and appointed municipal officials, so the interests of municipal road and bridge infrastructures are well represented.

OGRA's mandate is to present the road-related concerns of municipalities to the provincial government.

As you know, the provincial transfer payments to municipalities were announced on December 12, 1988. For the municipalities and the associations that represent them, this year's budget allocations are particularly disappointing as they relate to roads and bridges. The Honourable Robert Nixon, Treasurer of Ontario, announced at that time that road grants to municipalities would not be increased in 1989. They will be maintained at the 1988 level of \$678 million. The provincial transfer payments reflect the government's own priorities and municipal programs have been funded only where they fit these priorities. OGRA feels that this decision is short-sighted, irresponsible and unnecessary.

Over the past several years, OGRA and other provincial public and private organizations have factually documented the problems of congestion and its economic and environmental costs, the growing disrepair of our roads and bridges, and the increased use of the existing road network. Individually, each of these concerns has significant ramifications, and collectively they

represent one of the most important problems facing and impacting the citizens of Ontario today.

Once primarily a problem occurring in rush hour in major centres, congestion must now be considered a major transportation and economic problem. If current trends continue, it is estimated that there will be an increase of 80 per cent in commercial traffic over the next 10 years. For example, the expansion of the General Motors plant in Oshawa is expected to add 800 new truck trips a day over Highway 401.

The increasing use of just-in-time manufacturing makes dependable delivery schedules a necessity. The Minister of Transportation (Mr. Fulton) has stated that over the last decade congestion has added 40 per cent to the cost of moving goods in the greater Toronto area alone.

In terms of the growing disrepair of our roads and bridges, the Ministry of Transportation's own figures show that there is a steady growth in the number of kilometres of municipal roads that are structurally deficient or that will be within the next five years. Four years ago, OGRA predicted that this trend would develop. It is also interesting to note that the public transit vehicles designated as a priority for provincial funding use these roads and bridges.

To budget for no increase in municipal road system funding in light of these facts and figures is to place in jeopardy a significant investment of public funds in municipal infrastructure. The need to maintain, improve and expand our road system will not disappear. To delay such improvements now will only make them more expensive in the future.

Municipalities are doing what they can to help offset inadequate assistance from the provincial government. As the Association of Municipalities of Ontario presentation mentioned, almost 75 per cent of the municipalities of Ontario are undertaking significant road work without the benefit of subsidies from the provincial government, resulting in increased local taxes or increased lot levies. In fact, the full impact of the government's underfunding of roads has been cushioned by municipal decisions to provide for road construction and maintenance beyond that covered by provincial subsidy.

This year, however, with no increase in provincial funding for roads or unconditional grants, municipalities are faced with severe shortfalls of revenue resulting in additional strain on local tax levies and on our taxpayers. The inadequate level of subsidies also results in expenditures being targeted at essential maintenance programs rather than upgrading or expansion projects. The transportation system as a whole suffers when repair and maintenance dominate road programs and projects such as increasing capacity remain of necessity a lesser priority.

When OGRA met with the Treasurer last year in prebudget consultation, we recommended that a one cent per litre fuel tax be introduced and that the revenue raised be dedicated to roads. As we all know, the Treasurer did increase fuel tax but did not dedicate the proceeds to roads and in fact imposed a new eight per cent tax on concrete and asphalt on municipalities after local levies had been set and Ministry of Transportation subsidies had been allocated.

We believe that the public is becoming much more aware of the need to address the inadequacy of Ontario's road system and we are convinced that a

dedicated fuel tax spent on roads would both raise the necessary funds and be met with public acceptance.

Recently, however, in a letter the Treasurer again indicated to OGRA that he will not dedicate funds to municipal roads. The Treasurer stated that provincial revenues flow into the consolidated revenue fund and that the earmarking or dedication of funds circumvents the resource allocation process.

While we acknowledge that there are sectors of the economy that do not have direct access to an obvious dedicated tax and therefore must receive provincial funding, we believe the public will more willingly accept tax increases if the use of the funds is clearly demonstrated. Similar ideas are being expressed in terms of applying an extra charge for products requiring extensive and expensive recycling treatment.

The need for increased expenditure of public funds on municipal roads has been demonstrated, and we believe the general public recognizes this need. What is needed now is the political will to fund the solution.

At the OGRA annual conference held just three weeks ago, an emergency session was held to discuss the province's unilateral decision not to increase funding for municipal roads in 1989. The attendance at and the participation during this session demonstrated that municipalities are dismayed and even angered by this government's failure to more highly prioritize the municipal road system as a recipient of provincial funding. Over 800 delegates signed a petition, which will be presented to the Premier, calling on the provincial government to reverse its decision not to increase funding for roads. A resolution, which was unanimously endorsed at the conference, is attached to our brief. It will also be presented to the Premier (Mr. Peterson) and the Treasurer.

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During the session at our conference, it became apparent that the municipal representatives are also growing increasingly alarmed at several recent provincial initiatives aimed at municipalities. The government's policy statement on affordable housing, the discussion paper on lot levies and statements by the Treasurer that municipalities may choose to raise additional funds from local financing sources seem to signal a shifting of responsibilities to municipalities without a corresponding increase in municipal revenue. Clearly these are issues that impact on municipal infrastructure and for which no additional funding has been provided. OGRA would make the following recommendations.

1. The provincial government should reconsider its decision not to increase road grants and, at a minimum, municipal road funding should be increased in 1989 by at least the rate of inflation or the Southam construction index.
2. The revenue generated by the one cent per litre tax imposed in 1988 should be dedicated to municipal road funds. Incidentally, this would total approximately \$80 million worth of dedicated funds.
3. The provincial government should stop shifting responsibilities to municipalities without a corresponding increase in municipal transfer payments.
4. Transportation issues and their solutions should be considered in the context of the provincial government's total policy development. The

implications must be considered in every policy statement, so that municipalities are not left to assume increased responsibilities.

Thank you for the opportunity of discussing these issues with you today. We appreciate this time and we hope that our comments will provide useful input for your final deliberations.

Mr. Chairman: Thank you very much. In view of the tone of your submission, it is well-timed, coming right after the AMO.

Mr. Kozyra: I must say it is good to see a former colleague of mine from municipal council, Mr. Boshcoff, welcomed to this forum.

I must say from the top that I share your concern for the fact that the road construction budget and the allocations to municipalities have not kept pace with other aspects of the Ontario government's budget. We had figures yesterday that show they basically have been frozen for nine years, since 1980-81. There has been a three per cent growth in that time in the road construction aspect, and this is reflected in many things, especially the growing concern in the north.

As you are well aware, we have had a great deal of pressure for four-laning as not only an economic tie-in to the rest of Ontario; it is seen also as a tremendous symbolic aspect, that the north really belongs to the rest of Canada and Ontario. In view of that and the kinds of things we have heard other provinces are doing, are committing to, I am just wondering whether, first of all, your association works closely with other provincial good roads associations, specifically in lobbying the federal government, because this is a partnership that is necessary if such major undertakings are to go ahead.

We heard yesterday, for instance, that Quebec is committed to a \$1.6-billion program upgrading infrastructure around the Montreal area alone. British Columbia has committed, over 10 years, a \$7-billion infrastructure upgrading program. New Brunswick has committed to four-laning through a dedicated fuel tax, and that ties into your aspect on dedicated fuel taxes. I am just wondering how closely you are working, because we here in Ontario see that as a definite component, that even if the provinces commit, the federal government must come along. We see those two in a necessary partnership.

Mr. Boshcoff: The questions of federal funding and the four-laning are considerably intertwined. I think that over the past three years the hopes for Ontario had been pinned on the fact that if we could get the federal government to commit to a four-laning commitment, then we would be able to go ahead on our own. I think what the feds have done or not done is based strictly on the fact that Ontario has not demonstrated a strong enough commitment to support the road and infrastructure funding itself.

I think in these other provinces—BC, Quebec and New Brunswick—where the province has taken the initiative and said, "Yes, we're going to do this, we're going to four-lane, we're going to allocate significant funding. This is what we intend to do. Now, do we have the federal support?" they have really put the onus back on the federal government and put it in a position where it essentially cannot renege. With the budget that is proposed for 1989, because it is at a zero increase, it hardly demonstrates that kind of willingness to do more to catch up.

I think that yesterday's presentation by the Ontario Road Builders'

Association, ours today and that of the Association of Municipalities of Ontario really indicate that we are not asking for the megadollars here; we are asking that Ontario keep pace.

Essentially, by standing still, we lose not only the inflation index, but whatever is normal; with the eight per cent concrete and asphalt taxes, we are dropping 13 per cent behind our road maintenance and infrastructure development. That is significant for this province, because with all the other facts in terms of transportation, tourism and economic development, all of these become more than critical; they become vital to our survival.

Mr. Kozyra: In view of the demands and pricetags put on four-laning—estimates of \$2 billion to \$3 billion; certainly southern Ontario's need for expansion and upgrading what is already there would be at least that amount, possibly three or four times that—I am wondering whether you are asking for enough. Even if that dedicated tax of \$80 million a year were applied on top of the existing funding, I do not think that really is enough to cover what I call these extraordinary demands now being placed on the system.

I am wondering whether in addition to the dedication of that one cent you have any other measures, because extraordinary demands looming on the horizon may need extraordinary measures.

Mr. Boshcoff: I have several points. The first is the amount of money that we, as a practical, reasonable and rational organization, feel we can get this year. In view of all the other demands placed on this committee and the Treasurer, we are trying to be reasonable; but we are trying to absolutely convince you that zero is impossible, that the province cannot live with zero, that we need between five per cent and eight per cent to hold our own and then vault ourselves into that necessary area. We are trying not to be irrational and irascible.

On the question of the megadollars required, even by dedicated funding, at our annual conference the emergency session showed a determined hostility by member municipalities. They were prepared to march down to Queen's Park and picket, like so many other organizations do. It is very unusual behaviour to see municipalities at that level of antagonism. I feel that the case is so self-explanatory it really demands attention.

Also quite remarkable was the feedback that members got throughout the province, the fact that citizens were prepared to say, "We see it, but we had no idea that this was the status." They are willing to take that political bite, in much the same way they are in the environmental aspects. I think people understand what is required and it is something they can relate to. They can relate to spending more money for ambulances, but if they cannot get to the hospitals because of congestion and poor roads, then they know that it is going to cost a lot more for helicopters and to get people for emergency service. Those types of things are looming over us and fast coming up.

Mr. Chairman: Thank you. Mr. McLean and then Mr. Morin-Strom.

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Mr. McLean: The first question I have is about last year when you asked for a tax of one cent a litre. Why did you ask for it again when you got a letter from the Treasurer telling you why he could not do it?

Mr. Boshcoff: We feel that it is absolutely justified. I think we

have been able to explain ourselves in view of other initiatives by the province. In fact, we feel very strongly—I, our board and our membership—that if the citizens of Ontario know what it is for, in much the same way that fishing and hunting licences have dedicated returns, they would approve of it.

Mr. McLean: The second question I have is with regard to asphalt. Are you, as municipalities, exempt from paying sales tax on asphalt or cement?

Mr. Rach: No, we are not.

Mr. McLean: Then your increase is not just one per cent; it is eight per cent of the whole. Every truckload of ready-mix now is about another \$64 or \$70.

Mr. Rach: The sales tax impact goes back to the municipality.

Mr. McLean: And they cannot claim a rebate from the province?

Mr. Rach: At this time, it is my understanding that we cannot.

Mr. McLean: Perhaps that should have been one of your recommendations to the Treasurer, that on the taxes you pay on roadbuilding material you be allowed a reduction in your tax. It would be a big saving to a municipality.

Mr. Boshcoff: I think our actual figure, with a zero per cent increase, in view of 4.5 per cent construction inflation and the eight per cent—most municipalities are now 13 per cent behind their 1988 level going into this budget year—current funding levels do not even cover the cost of rehabilitation of the existing infrastructure, let alone any expansions. So the situation is critical.

We realize that this is not the most newsworthy topic. The press has all vanished after the more attractive lot levy questions.

Mr. Chairman: We do not pay attention to them anyway.

Mr. Boshcoff: It is a classic example. We are talking very essential infrastructure services, nuts and bolts.

Mr. McLean: Really, in essence, they did not flat-line you; they reduced your unconditional grants and flat-lined. Would it be correct to say that? The Ontario Road Builders' Association was in here yesterday and made quite a presentation. Some of the questions that were asked today were asked yesterday. I was watching it on TV until I had to leave to come down here.

The point I want to make is with regard to the millions that they were wanting to deal with the federal government in co-operation with all the provinces. Why is it that the municipalities and the provincial government have not made an arrangement whereby they could use the funds that the provincial government would be using anyway, if it had an agreement with the feds?

Mr. Boshcoff: I do not have an answer for that.

Mr. McLean: There has been no discussion on behalf of your association?

Mr. Boshcoff: Not at present.

Mr. Chairman: Mr. Morin-Strom.

Mr. Morin-Strom: Thank you, gentlemen, for your presentation. Again, I think you have illustrated the problem in terms of support for municipalities from the provincial government and, in particular on the transportation sector, you have reiterated a lot of the concerns that were expressed yesterday by the roadbuilders.

They provided us with some figures on the breakdown of the Ministry of Transportation's spending by categories. Over the last eight years the total provincial budget has gone up by 102 per cent while the Ministry of Transportation's has gone up by only 56 per cent; and in particular—the one that has been hurt the most severely in not keeping up with any of that inflation—capital construction of provincial highways was up only nine per cent over that whole period.

There has been a severe cut in terms of the inflation-adjusted amount of spending on highways. That would appear to have been the area that has been targeted most severely by the government in recent years for severe cutbacks.

The figures they have here show municipal roads going up by 64 per cent in that period, fairly close to the increase in the growth of the transportation budget although not near other areas of the government. From what you are saying, it would appear that now they have targeted municipal roads as another area to absolutely freeze and stop the growth in spending.

I wonder why in your presentation you focused primarily on municipal roads and did not comment more forcefully in terms of the highway infrastructure in the province.

Mr. Boshcoff: At certain times in an organization's presentations—we decided not to shotgun it; we wanted to focus on these particular aspects.

Certainly it is a concern to us. I think when you mention the highway aspect of it, particularly in the south—and there are similar problems in the north; the four-laning question becomes a symbolic connection that the north is still part of the province and deserves financial attention—where many regional municipalities border on each other, the provincial aspect of funding a road that goes from Hamilton to Burlington to Toronto cannot end at the township line. The aspect of provincial necessity still remains as a prevalent senior funding mechanism.

Our point with municipalities is that, from our membership's point of view, the infrastructure costs are just growing so much that they need not only to repair but to expand.

Your question is valid in terms of what we could do. I think that, as a pragmatic and practical organization, we would hope that the Ministry of Transportation would not continue to be penalized for its efficiency. It is a very well run department. It does a good job. However, it seems that once they saw that, they decided that they could do with even less. That seems to be the point.

Mr. Morin-Strom: We have had discussions with previous presenters in other sets of hearings as well with regard to four-laning the Trans-Canada Highway. Today you focused on the municipal roads and asking about the municipal roads. Is the problem here that the levels of funding are only enough to keep up maintenance and the ongoing repair and rebuilding of roads? Is that all that you see them funding? Or is the real need for additional roads in the growth areas of the province?

Mr. Silgailis: If I may comment on it, I think the need is actually and definitely in both categories.

In the region of Durham, where I am from, we are just in the process of preparing an actual report for the Ministry of Transportation to indicate the status. We have been falling so far behind in our area.

At one time, as you know, the road system was funded on a needs basis. We do a needs study and then a certain percentage of our needs has been funded. In 1979, we used to get about 10 per cent of our needs funded. Now we are getting 2.7 per cent of our needs funded. It has been reducing. The needs are going up; the money is staying the same or coming down. We have actually calculated that at one time it would have taken us 10 years to eliminate our now needs, so to speak. Now it takes us about 40 years to eliminate our now needs.

In addition to that, we have all this new growth and tremendous demand on additional roads. We are trying to spend above the subsidy limit and we are applying lot levies and everything else, but we just cannot cope.

Mr. Boshcoff: Len, did you want to add to that?

Mr. Rach: The only thing I would like to add to that statement is that the current level of provincial funding will not allow the municipalities in Ontario to even address all their current rehabilitation needs for their roads and bridges. It is quite obvious that if you cannot attack and complete all your rehabilitation needs, there is not any room for a system expansion or improvement to the existing infrastructure.

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Mr. Haggerty: I was looking at the difficulties that are there. What about the road subsidies? Has there been any indication from the Ministry of Transportation that there would be additional funding in this area? I understand that maybe is the shortfall too. This is one for which they usually make an announcement some time in May or June that you have an extra amount of money.

Mr. Rach: At the present time, I believe the municipalities are preparing their submissions for supplementary funding to the ministry. It may be a few months before we find out if there is any supplementary funding forthcoming. We would certainly hope for that.

Mr. Haggerty: Is it that drastic? Is that what you are telling me, that there is very little hope?

Mr. Rach: We would like to believe that there is hope that there would be additional supplementary funding, particularly in Metropolitan Toronto's case. We are requesting additional funding to just complete our

rehabilitation needs. We are \$6 million short in terms of provincial transfer payments for roads for the Metropolitan roads system.

Mr. Haggerty: The budget has not been increased. There has been a suggestion by the Treasurer that you can remain at that status level there, that you are not going to receive any more. There is no indication in that total amount that there are going to be supplementary subsidies provided.

Mr. Rach: At this time we had not had any indications, although we all hope that there will be additional money forthcoming. In Metropolitan Toronto's case, we received roughly \$1 million in transfer payments for roads this year over last year.

Mr. Haggerty: There are difficulties that I think the governments in the past have not looked at. In particular, I can think of the matter that municipalities in my area have no rail services going into those municipalities at all. The shift has been taken off the railroads which had the responsibility in the first place to move goods. Now it is put on trucks. With the weight bearing on some of these trucks, they are just knocking the hell out of the municipal roads. You take three, four or five sets of tandems on there and even to turn the corner it is stretching the pavement.

Mr. Rach: That is a very valid point that you raise.

Mr. Boshcoff: Also, Peter Wong, who is the mayor of Sudbury and a member of the OGRA directors, told us a month or so ago that with the increase in mining north of Sudbury, the through traffic of trucks as opposed to rail and the lessening on rail is decreasing the longevity of the Sudbury-area road system from, say, 17 years to four or five. That is how heavy the trucks are and the frequency of use. These situations are multiplying all over the province.

Mr. Haggerty: I know that there are 30—

Mr. Chairman: I think the point has been made. I am going to have to cut this off because we have run out of time and we were running late when we started. We have another presentation. We have a fairly rigid schedule for the afternoon. I appreciate very much the point, though, that has been well made. It will be there in our minds as we do our deliberations.

Mr. Boshcoff: I appreciate that. That is all we ask. I really do hope that you will consider the presentation as we presented it.

Mr. Chairman: Mr. Reid, welcome.

ONTARIO MINING ASSOCIATION

Mr. Reid: Mr. Chairman, ladies and gentlemen, I will be brief, given your time. Most of you received one of these little date books from the Ontario Mining Association. I am Patrick Reid, president of the Ontario Mining Association.

Mr. Chairman: You do not need an introduction.

Mr. Reid: Well, I thought for Hansard. The quote of the day for today in the book is, "The problem with hard decisions is not in making them, but learning to live with the consequences." That is probably an appropriate one for this committee and the Treasurer.

I am not going to read our brief to the Treasurer. There are simply three points. The good news is that we are not asking for very much. The first point is that with the financial constraints at all levels, it is obvious to everyone that the federal government is trying to push costs on to the province, the province on to the municipalities and everybody is trying to put it on the taxpayer somewhere along the line. These costs get built in and become part of the overhead and expenses.

The Ontario Mining Association has asked, for a number of years, that whenever there is any new legislation or regulation, a cost-benefit analysis be done and be made available with the legislation or regulation, which will underline who pays and what the costs are going to be. I think we can only go so far in loading up costs on any segment of our society. It would be helpful and prudent if there was this cost-benefit analysis.

There are two other things we want to bring to your attention. There is, under the present economic regional development agreement, a subagreement called the Canada-Ontario mineral developments agreement. The one in Ontario will run out in March 1990. It has been a five-year agreement between the federal government and Ontario, a \$30-million program, and we believe this money has been well spent and has been of benefit to the province and particularly to northern Ontario. We would like to see this committee recommend to the Treasurer that he, in conjunction with his federal counterpart, either come up with a new COMDA for post-1990 and/or renew the present one for a further five years. We think it has been of benefit.

The other matter that will not cost a lot of money but we think will have a major impact is if the Ontario Treasurer were to remove the sales tax from the gold coins produced by the Royal Canadian Mint. If we take, for instance, a gold coin selling at \$400 an ounce and put an eight per cent provincial sales tax on it, that means the cost to the investor is something like \$432. The price of gold, therefore, has to rise by some eight per cent or \$32 before the investor breaks even on his investment.

The Ontario mining industry is concerned because we produce a lot of gold in this province; and because the mint takes about half of the gold produced in Ontario, we want to see those gold coins with as wide a market as possible. With the coins being taxed in Ontario and Quebec particularly, it gives other countries the opportunity to add their sales taxes or a tax to the coins abroad, which makes the coin not as competitive an investment instrument as those investments that are not taxed. It sets a bad example, when the mint tries to sell these coins abroad and the countries say: "We're going to put a tax on this. If you do it in your own country, why shouldn't we?"

The figures, frankly, are not as good as we would like. We believe the provincial sales tax on gold Maple Leaf coins in Ontario brings into the Ontario Treasury less than \$1 million a year, and we believe that if that tax were removed it would stimulate demand for the coins in Ontario and not set a bad example, if you like, overseas. Again, other investment vehicles do not attract this tax.

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You may recall it was put on, in the first instance, because the gold kruggerand was taxed and the Canadian Maple Leaf was not. In response to the complaint through the General Agreement on Tariffs and Trade, the Treasurer of the day decided to tax everything. Of course, the kruggerand is not produced any more and so that argument is no longer valid.

That, Mr. Chairman, gets us under the wire, unless there are a lot of questions.

Mr. Chairman: Does our Ministry of Revenue agree with your figure of less than \$1 million, do you know?

Mr. Reid: We had a discussion with Treasury officials a couple of weeks ago and their figure was about \$5 million, but we ascertained that they were taking into account all numismatic coins. So all other coins were lumped in and \$5 million is \$5 million. But we are not saying those should not be taxed. We are saying that the gold Maple Leaf coin would bring in less than \$1 million in tax and that, in fact, it is an investment instrument, as opposed, if you like, to a hobby or something else.

Ms. Hart: Very quickly on the last point, you have indicated that you are supportive of federal tax reform and yet are you not inconsistent by saying that you do not want sales tax on the Maple Leaf gold coins? Is not the whole idea that the base be broad and that it be on everything?

Mr. Reid: We are hopeful that gold coins will be recognized as an investment vehicle and will not be taxed at the federal level. We are not advocating tax—

Ms. Hart: Would you extend your analogy to all investment vehicles then, that they be exempted from national sales tax, because right now, they will be caught?

Mr. Reid: It is our understanding that investment vehicles will not be taxed. If they are taxed, then obviously we—

Ms. Hart: Perhaps we will have this discussion the day after the federal budget comes down. That is really my only point.

Mr. Reid: Yes.

Mr. McLean: My question has to do with pension indexing. Do most companies have private pensions?

Mr. Reid: Pretty well. In the mining industry, almost every one of them has a pension plan, yes.

Mr. McLean: You raised the concern with regard to the indexing. Do you not believe that private companies should have their pension indexed, the same as anyone else?

Mr. Reid: The whole point of the exercise, it seems to me, is to give people protection. The fact of the matter is that about 60 per cent of the working people in this province are not covered by pensions. With all respect to teachers and other people, they already have a pension plan and they are going to get, if you like, more, and those people who do not have a pension plan are not going to get anything out of this.

The other major supposition is that companies are continually prosperous or profitable and can afford this. We have got to find a formula that is reasonable and that companies can afford. I can tell you that the mining industry has come out of the recession and is earning record profits, but we had seven lean years, where a lot of them were right on the ropes. It is another cost of doing business. I think it needs a lot of hard looks just to

see, because it is based on the supposition that everybody is profitable every year.

Mr. McLean: A lot of those employees would sure hope that it was indexed.

Mr. Reid: Certainly, but who would not want it? Frankly, I would be happier, and I speak only for myself in this particular case, if something could be done for those people who are not receiving a pension or do not have any pension rights. I think that is where the emphasis should be.

Mr. Haggerty: Are there not some mining industry companies today that do have the cost-of-living allowance formula applied to their pensions?

Mr. Reid: Some companies, yes.

Mr. Haggerty: I think Inco was one of the forerunners in this area.

Mr. Reid: Inco has built in some pension inflation, but it is my understanding that none of them is, if you like, in perpetuity; that there are some limits set on this. Some of the companies have voluntarily added to their pension plans over the years. As I say, I would just as soon that, for those people who do not have it, some formula would be worked out so there would be some retirement pension vehicle for them.

Mr. Chairman: Thank you everyone and thank you very much, Mr. Reid. Obviously, you were, as usual, very polished and very considerate of us in view of the fact that we were a little behind schedule when we started.

Mr. Reid: Thank you. I understand things around here, and I never like to be late for lunch myself.

Mr. Chairman: Thank you very much. Before we break, just a couple of questions. Firstly, does the committee wish to entertain the issue of whether or not we will do our deliberations in camera at this stage? If we do, that would permit the Hansard people to not have to be prepared for this afternoon. Does somebody wish to so move?

Mr. Pelissero: It makes sense.

Mr. Chairman: Mr. Haggerty moves to do the deliberations in camera.

Is there any discussion?

Mrs. Cunningham: I just want to ask a question about the agenda. We are going to be talking about writing the report; is that correct?

Mr. Chairman: Yes.

Mrs. Cunningham: Are there in camera items there or is it—

Mr. Ferraro: Usually it is all in camera.

Mr. Chairman: It has been the history of the committee that we try to do it in camera. It tends to permit freer discussion and hopefully better understanding, perhaps less partisan understanding, in coming to quicker conclusions.

Mr. Morin-Strom: I would like a recorded vote.

Mr. Chairman: All right; yes.

Mrs. Cunningham: I guess that when we were looking at this in the standing committee on administration of justice in the summer, we decided to do everything in public because nobody could see a reason—now, the topic was Sunday shopping, but it was very partisan as well.

I guess I am just saying that we should have some real reasons, and I do not think that is a good one. If we think we are going to be impaired time-wise, I suppose—I am not sure that is a good reason—and given what you said yesterday about the numbers of reports that were here for the Social Assistance Review Committee, which I think might be one of the more controversial ones, I think we are all going to be on the same side on that one given the numbers, not that that is an obvious observation at all or one that I should take for granted. But I do not know why we would go in camera just because we are going to be controversial. If we cannot get our work done, then maybe we will have to go in camera. I just do not think it is a good reason, Mr. Chairman. That is all.

Mr. Haggerty: I will withdraw my motion. I am not going to be—

Mr. Chairman: Ms. Hart and then Mr. Ferraro.

Ms. Hart: It is quite usual that reports are written in camera. I do not really care about it one way or the other, but I do not think the reason is because you have something controversial to deal with. It facilitates a speedier report. That is all. But if it is the committee's wish to do it in public, that is fine with me.

Mr. Ferraro: You might want to get these views on the record again. I think that because this is the standing committee on finance and economic affairs making recommendations to the Treasurer, hopefully that will have some bearing, and I believe it does, on the budget process. Everyone understands why the budgetary process, to some degree, should be secretive. I just think it would be awkward, quite frankly, if not logical from a sensitivity standpoint, and inappropriate for the committee to have open discussions on our prebudget submission to the Treasurer.

It would just appear to me to make sense to have in camera preparation of the report, as we have had on the last two or three occasions. At the end of that time, it is duly open for any members of the committee, quite frankly, to say whatever they want about the report. But I think it would be restrictive and perhaps not in the best interests of nonpartisanship, to have an open meeting.

Mrs. Cunningham: Just one comment. I will not vote to go in camera. This is supposed to be an open government. I would certainly move at some point to go in camera if we were not getting our work done, I want to tell you that, if something became a real problem. But I think one has to understand we are supposed to be an open government. If there were personnel or property issues that we had to discuss here—and I have not seen any and I did try to look at the briefs; as you reminded me, I brought one of my colleague's briefs and looked at it last night; there was nothing in there that had to do with personnel or property—or someone wanted to raise them, I would be more than interested in going in camera, but at this point in our deliberations I cannot see a reason to and I cannot vote in favour of it.

I understand that people want to get the job done, but I am prepared to co-operate in getting the work done in public. If it became a difficulty—Mr. Ferraro knows we have already had our problems but I do not think it was that serious—I would vote to go in camera at some time if someone could persuade me around a certain issue.

Mr. Ferraro: I respect what Mrs. Cunningham is saying, but I think it is one or the other. I do not know why you file the report when it is just harmful. We are going to have to have it in camera.

Mr. Pelissero: From a consensus-building approach, which I would like to think the committee would be able to have—we have had in the two reports I have sat on, the free trade agreement and last year's budget—where we can have some frank discussions and some give-and-take in some positions without it entering into the partisan field, I think the in camera session allows that to happen. That would be one reason, and nothing from a confidentiality point of view. The stock market is not going to crash because we are talking about or not talking about our recommendations. I think it is just for the sake of the process, allowing us to work as efficiently and effectively as possible without turning it into a partisan thing. I do not think it has been the experience of the committee to have that.

Mr. Chairman: The chair has certainly heard from all sides the concern and interest to talk about taxes being increased. It may be that some members would wish to say more about that off the record than they would on, for instance. Mr. Haggerty has withdrawn his motion. A motion should be on the floor if we are going to continue this discussion.

Mr. Ferraro: May I suggest to the committee that as soon as we come back after lunch we vote on it?

Mr. Chairman: Okay. That is fair enough. I was just concerned for Hansard's sake, but that is fine.

Mr. Haggerty: If some of the recommendations we might make about tax reform, for instance, get out to the press it may lead to an indication that we are talking about increasing the price of gasoline or sales tax or something and everybody is out hitting the market. That is what you have to be careful of.

Mr. Chairman: Why do not all members think about this, and we will raise it again when we come back?

The other thing I ask you be ready to do this afternoon is give Ms. Anderson enough information about what directions we are going in so she can work through the weekend so we can work well on this next week. The week after is school break week. She has made some plans she would like to carry out, and I think we owe that to her.

Mrs. Cunningham: Ms. Anderson must live in Toronto.

Mr. Chairman: Yes. It is school break for her so she is hopeful that by a week from today we will have something written.

The committee recessed at 12:12 p.m.

AFTERNOON SITTING

The committee resumed at 1:32 p.m.

Mr. Chairman: You have been considering over lunch hour whether or not you want to go in camera. Does anybody have any motions or anything they wish to say?

Ms. Hart moves that the matter of the report be considered in camera.

Mr. Mackenzie: Can we have a recorded vote on that, please?

The committee divided on Ms. Hart's motion, which was agreed to on the following vote:

Ayes

Ferraro, Hart, Kozyra, Owen, Pelissero.

Nays

Mackenzie, McLean, Morin-Strom.

Ayes 5; nays 3.

The committee continued in camera at 1:35 p.m.

FEB 10 1993

